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TITLE: A STUDY OF THE CHANGING SOCIAL, ECONOMIC, AND POLITICAL
BACKGROUND OF THE CANADIAN SYSTEM OF INDUSTRIAL RELATIONS

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CHAPTER

1. THE HISTORY OF THE DEVELOPMENT OF THE

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✓ I. INTRODUCTION: THE REQUIREMENTS OF AN INDUSTRIAL RELATIONS SYSTEM

✓ The purpose of this study is to provide a broad background by which useful and balanced perspectives may be offered on Canada's labour relations problems. The study is intended to show how changes over recent decades in Canada's social, economic, and political features have affected its industrial relations system, and to suggest how current changes may affect that system in the future. The conception underlying the study is that a society, to flourish or even survive, must keep its structure of industrial relations well adapted to its changing circumstances, such as new wants, new techniques, and new views of the rights and obligations of individuals and governments.

An effective industrial relations system - one that does a good job of marshalling the working population to get the necessary work done - is among the most basic requirements of any society that hopes to flourish. The system must do several things. It must get and retain an adequate labour force. It must train the labour force to a sufficient mastery of the techniques it uses. It must co-ordinate and discipline the efforts of its labour force by a reasonably consistent and acceptable set of laws and customs, based on mores that command substantial consent. It must provide systems of rewards and punishments that produce effective motivation.

Societies at different times have used a remarkable variety of social devices to fulfill these requirements. Tribal societies have relied heavily on ceremonies and magical beliefs. Slave systems have an apparent simplicity, but are very weak on positive motivation and development of

skills. Situations in which there is a chronic shortage of labour relative to demand, which have been very common in history, usually produce some variant of what might be called "feudalism". This may assume two forms which at first sight are diametrically opposed: either a paternalism in which scarce workers are kept in line by care and a certain amount of judicious coddling, or the open use of force to keep and drive workers in a system not far removed from slavery. On the other hand, in a market economy with a chronic surplus of labour relative to demand, employers do not need either paternalism or (private) force but can rely on the motivation of the constant threat of dismissal and the too familiar hardships that will follow.

The last system, which is the most recent historically of those mentioned, may seem to be exceptionally simple and effective. In fact, however, it has everywhere created the forces of its own modification, if not destruction, and the problem of maintaining an effective labour relations system has continually become more complicated.

The first complication arose very long ago, when societies became divided into privileged classes possessing most of the power and property and ruled classes that did most of the work. From this point on, the "labour problem" became the problem of the privileged class: how to make the other people work effectively while turning over a good part of the fruits of their labour to the elite. The discontent of the workers with this arrangement was likely to have unfavorable effects on motivation, discipline, and training, and lead to a heavy reliance on punitive devices that carried their own costs and dangers. Perhaps a more basic difficulty

is that the efficiency of the economic machine can rarely be the top priority of the ruling class, for it must be sacrificed to the preservation of their power and privileges whenever the two are in conflict. Nor do the workers necessarily strive for efficiency - they may find their interest served better by some form of restriction of output. Though muffled in various ways, this divergence of privileges and diversion of interest from efficiency is still with us. What muffles the division, primarily is that we have no simple two-class structure but a multitude of occupational, industrial, and regional interests. Most of them exhibit in their practices the belief that it is proper for them to maximize their particular advantages without any regard for harmful effects that may follow on the efficiency of the total system. The check of market forces on this syndicalist conduct is by no means wholly ineffective, but neither is it very reliable. A heavy responsibility for the health of society is therefore thrown on government and on its shaping and regulation of the industrial relations system.

A second complication is that as societies become larger and more interdependent, the difficulty as well as the urgency of maintaining an effective system of labour relations is increased. The price of interdependence, in fact, has been the development of elaborate systems to enforce conformity and co-ordination and so contain the multiplication of disruptive forces. Two obvious examples are our educational systems and our communication systems.

The third complication in time, but one with a pervasive impact today, is rapid and continuous change. In the past, a good many societies

persisted over long periods of time without changing very much. They were justified in assuming that the future would be much like the past, and whatever merits their labour relations systems possessed could be preserved with minimal effort. When substantial changes did occur - and they did from time to time - the disruptive effects were all the greater for being unexpected. However, once adjustment was made to the new situation societies in the past could settle down to another period of barely perceptible change.

The peculiarity of our own time is that change is rapid, continuous, more-or-less deliberate, and expected. It affects not only the techniques and organization of production, but the way people live and the places they live in, their range of ideas and behavior, their view of themselves and their world.

This situation does not necessarily put unbearable strains on people: to a surprising extent, people seem to do better with change than with "no change". But it does put immense pressure on our institutions, which are far less adaptable. In a world of change, we should be changing our industrial relations system, as well as other things - the more our system was well-adapted to its purposes some decades ago, the more assurance that it is not suitable now. But changing institutions is very difficult.

Several reasons for this "cultural lag" may be suggested, no doubt without exhausting the list of important ones. Men in the past put a high value on stability, and built institutions to preserve it, with an effectiveness that is still apparent and embarrassing. Each institution is part of, and more or less consistent with, a total social system. A

change of part of an institution, then, runs the risk of inserting an alien and badly articulated part into the total system. To change the whole of the institution - or several institutions - to a new pattern, on the other hand, is to invite the opposition of all but the boldest and most imaginative to this interference with what has always been familiar to them. More important still, there are always groups with a vested interest in the preservation of each institution, because it affords special benefits or privileges to them. Given the inertia that makes it hard to change any institution any time, even a small group with a vested interest may be able to preserve an obsolete arrangement for a very long time. The risk of this is certainly high in so stormy an area as industrial relations, where the parties are wont to believe that they have a moral right to the retention of any institutional advantage which they have ever had. Particularly when unusual and unusually severe strains and stresses appear in labour relations, suspicion must be strong that anachronistic rules and interests are imposing a more than usual obstruction to the best possible disposition, co-ordination, and motivation of the labour force. It is a counsel of unrealizable perfection to propose that all cultural lag can ever be eliminated, but it is important to the efficiency of the economy that extreme tensions be resolved. Fortunately, unusual pressures also provide an impetus to improvement of the system, which may sooner or later overcome the counter pressures.

The succeeding pages seek to show what has promoted change in Canada's industrial relations system in the past, and what has prevented it.

II. The Roots of Industrial Relations in Canada

The previous section was designed to establish certain general characteristics of industrial relations systems. Beyond these, there are basic attitudes that have characterized industrial relations in Canada and have conditioned its events throughout the twentieth century. They are reflected in the practices and laws that establish the respective roles of employers and employees.

The role thus envisioned for employers - both a right and a duty - is the exercise of authority over the conduct of the firm. It is accepted that the employers' freedom of action is limited by the forces of the market, and that it may be further limited by law. But it is only in the most qualified sense that it has ever been accepted - by employers, by courts, or by Canadian legislatures - that the authority of the employer should be subjected to the desires of employees. An employer may, of course, enter voluntarily into arrangements with workers that limit his freedom of decision. But involuntary limitation has been regarded with the greatest reservation. Back of this hesitancy lies a view that the employer is the fit and proper person to exercise authority. The status, "employer" is immutably associated in our ideology with a function of industrial decision-making, which we regard as a function of great importance. The association of status and function is, of course, a very general phenomenon. It is also very general that difficulty arises whenever a person who has been accorded a particular status fails to perform the function in a socially-acceptable manner. Beyond this, there is particular trouble about the status-function position of employers because in its institutional evolution over the centuries the status aspect

has become firmly tied (in law) to property ownership, without any explicit obligation to perform the function well, or even at all. This confusion has increased during the present century during which the function of industrial decision-making has shifted in most large firms to a professional manager who is certainly not the "owner" and only in a dubious substitute sense the "employer" contemplated by the law. So far, however, we have evaded such issues by shoring up the authority of owners-cum employers- cum managers -- bundled rather indiscriminately together -- against any challenge from employees.

The authority (status and function) thus attributed by our law and practice to employers has necessarily implied a role of subordination for employees. Employees do not have status in their employments (i.e. they lack any legal claim to the property in question) and they do not have any of the function of industrial decision-making, even about their own working conditions. It is implicit that employees are less fit and proper to exercise authority than employers, even over this aspect of industrial operations. The resulting situation, from the viewpoint of what is functional, is by no means the obviously right one. It is highly functional that workers should have a good deal to say about the conditions under which they work (the Middle Ages was much more enlightened than we in this respect, so far as the responsible part of the labour force was concerned) and, more generally, it is by no means difficult today to find employees who are much better qualified than some employers in terms of ability to perform various functions. Challenges to the authority system - which to many constitute "the industrial relations problem" and are certainly part of it - are therefore bound to occur. To put the

problem in context, it is necessary then to see how our concepts of industrial authority were developed.

The Foundation of Employers' Rights

The most useful light on this subject has been provided by Professor C. B. Macpherson in his study of attitudes in seventeenth-century England, in that revolutionary period when basic institutions were fluid and open to debate.¹ All participants in the revolutionary debate were searching for realities, and all agreed that meaningful political representation - i.e. the economic independence required to support political independence and influence - rested on command over property. However, the substantial property-owners believed that political representation should be exclusive to themselves - they denied that small property-holders could really be independent and influence events responsibly. On the other side were the radicals of the English Revolution, the possessors of small land-holdings or marketable skills, who believed that the Commonwealth should be the common property of all independent men, including themselves.

It is highly significant that the radicals were as firm as others about excluding "servants" (wage-earners) from the ranks of independent men entitled to representation. The principle again was that persons incapable of holding or advancing independent opinions - i.e. of economic

¹C. B. Macpherson, The Political Theory of Possessive Individualism (Oxford, 1962), especially Ch. III (The Levellers).

independence - could not genuinely be members of the Commonwealth. Servants were thought of as dependent members of the household, like minor sons and daughters, and were approximately in that position as a matter of fact. Whether kindly or harshly treated, they were essentially the chattels of their masters. As such they could not have, and would hardly be expected to want, opinions different from their masters'.

The position of the wage-earning servant was regarded more as a privileged than an exploited one. He enjoyed the protection of a master, like young sons and daughters who were also unfit, as yet, for the burdens of adult free status. The unfitness of the servant for full status was clear, for he had failed to show the capacity and gumption which would entitle him to independence through the tolerant impersonality of the market. Incapable of making his own way, the servant might have starved had not some master accepted him as a dependent. In the same way, laws of both England and Scotland which allowed any responsible citizen to take a vagrant forcibly into his own service on his own terms - thus establishing a variant of slavery - were not devoid of an interest in welfare as well as in the health of the national economy. This discriminatory attitude towards servants was more reasonable before the eighteenth or nineteenth centuries than it was to be later, for two reasons. First, monopolization of ownership of the means of production by a few was not yet possible, and there was a substantial breadth if not equality of opportunity in the market. Secondly, there was much truth in the allegations of employers and moralists that a great part of the servants (and of those engaged more or less independently in cottage manufactures) were an irresponsible and unambitious lot, slothful and improvident, whose

competence or will to make a living by themselves was doubtful. This problem, and the compulsory and discriminatory solutions of it attempted, can be followed back into the Middle Ages.²

Employers and owners of property (the two functions tend to merge) are, then, the possessors of authority and the right to it not only because they command the property which allows livelihoods to exist, but also - or even more - because they are the responsible, capable, energetic people, on whom the welfare of society and the ignorant poor depends.

The harshness of this two-nation conception has certainly softened since 1750. Indeed, its starker medieval form had already been modified at that time, not only by endowing each individual with formally equal legal rights, but by the concept that one's personal capacities constituted a property, if they allowed their owner to maintain a position of independence. The latter concept of property in saleable skills smoothed somewhat the path of craftsmen to a recognized status and, eventually, to citizenship. On the other hand, the conception of a society divided between competent and responsible persons of substance, and the others, survived vigorously into the early twentieth century and, in only slightly attenuated form, to the present day. Capitalists and employers (interchangeable terms

²Mercantilist writing is full of complaint against the sloth of servants and cottage-workers. For attitudes in and before the eighteenth century see A. W. Coats, "Economic Thought and Poor Law Policy in the Eighteenth Century", Economic History Review, August, 1960, 39-51 and D. C. Coleman, "Labour in the English Economy of the Seventeenth Century", Economic History Review, April, 1956, 280-295. For the origin of the legal positions of workers and employers see Daphne Simon, "Master and Servant", in J. Saville (ed.), Democracy and the Labour Movement (London, 1954).

until recently) have never doubted their right and duty to direct the less competent and endowed, or the duty of the state to support them as the only element able to hold the economy and polity together. Sturdy yeomen, likewise, have always been confident that they themselves rather than poor tenants (much less farm labourers), should govern the course of local affairs. A detailed record could be assembled to show that the law and, still more, the courts, have taken a similar view and have felt obliged to uphold the authority of property and competence. Frequently, indeed, most employees have also considered that this was an appropriate ordering of society. Industrial relations, then, have had to operate within a prevailing view that the relations are between parties of unequal capacity and reliability, not unlike relations between parents and children.

The superior position and right of the employer has been based legally on command over property, which allows him to do what he will with his own. But even more basic to the arrangement, in the view of this study, is the expectation that employers will have superior knowledge, administrative capacity, and reliability - i.e. fitness to exercise authority. It is a general existence of this fitness rather than legal "right" that has reconciled inferiors and employees to the system, when they have been reconciled. Tensions in industrial relations will likely be acute, on the other hand, if the persons legally able to exercise authority fail notably in a high proportion of cases to fulfill the expectation that they are the most fit to direct. Since the qualifications for fitness are not fixed, but relative to the qualities of others, the tensions of industrial government may be expected to fluctuate according to the narrowing or widening of the gap in currently-relevant qualifications,

as employing and employed groups may alternatively advance in knowledge and sophistication.

There have been such fluctuations and tensions in pre-industrial society but in the immediate background of industrialization, the predominantly agricultural society of Britain in the eighteenth century, the relations of employers and employed were a stable and stabilizing factor. The main employers of labour, those in possession of substantial rural property, had been a reasonably well-educated group since the sixteenth century and more or less trained to rule. The main body of employees, on the other hand, though more sophisticated than their ancestors, were still a relatively thoughtless and child-like populace, still properly denounced for their irresponsible attitudes towards work and self-improvement, still pushed about in a high-handed manner by the community of owners and their legal machinery, and still on the whole accepting their inferior status as appropriate to their inferior qualifications.

Though this stable society may have provided an essential framework within which industrialization could develop, industrial growth necessarily brought profound changes. Three features of the new society strained the existing industrial relations system increasingly after 1750. First, there is evidence of a marked rise in the competence and reliability of wage-earners, especially of craftsmen, and their self-confidence also advanced steadily. The higher efficiency of workmanship after about 1750 was vital to the Industrial Revolution, which rested basically upon it, but the new, self-confident, workman was accommodated very badly by the traditional system of economic relations. Meanwhile an old escape mechanism, the opportunity for the ambitious workingman to set up his

own business, was narrowed in various directions by the rise of large-scale productive facilities requiring a large capital investment. Ownership of these was concentrated in a small group, and the only practical alternative for a large part (soon a majority) of the population was life-long wage employment. Thirdly, the main employers of labour were no longer the landed gentry but a greatly-expanded commercial middle-class. This class emerged from various and obscure origins, but was characterized in general by an absence of any particular preparation or qualification (except ownership of property) for exercising authority over others. To these, particularly after 1815, may be added a fourth feature: a chronic tendency for the supply of labour to outrun demand removed a protection which workers previously enjoyed, and opened the way for employers to demonstrate a ruthless cupidity.

It cannot be said that Britain adjusted its institutions readily to the new social situation. The tendency was rather to demand that the new class of workingmen display the old rural subservience, and this to a graceless upstart class of employers. The tension and incomprehension were most acute in the 1830's and 1840's, a temporary stabilization was achieved in the 1850's and 1860's, the 1870's was a seedtime of new tensions that became particularly open after 1888 and lasted without much amelioration through to the 1920's. To a considerable extent, this is the background of Canada's industrial relations also, because many Canadians drew their attitudes from Britain, and because shifts in the balance of pressures in Canada (and the United States) have frequently been similar to those in Britain. The British experience also has parallels in Canada's twentieth-century experience. It seems useful,

therefore, to notice briefly some of the major factors promoting stability and instability.

The stability of British industrial relations after 1850 was made possible by the prosperity that succeeded the distraught 1840's, producing more dependable employment and an unequivocal advance in real wages in the 1860's. A second condition of industrial stability was the fact that the skilled workers increasingly adopted the outlook of the class that dominated nineteenth-century Britain - the middle class. In and after the eighteenth century, these artisans had become industrious and dependable. Vital to the new industrial economy, they advanced steadily in numbers, income, and prestige. The bad times and bad treatment in the first part of the nineteenth century had produced a revolutionary outlook among many of them. After 1850, however, no doubt encouraged by the improved performance of the economy, they increasingly accepted and manifested the middle-class ideals of industry, sobriety, self-dependence, and "respectability". They mingled with their betters in chapel, but did not presume on the relationship. They sought their rights, but moderately and respectfully.

The third support of stability was the more accommodating attitude of the enormously powerful middle class. In the period before 1850, it used its power to crush remonstrances advanced by workers no matter how justified. After 1850 it mellowed, however, taking satisfaction in the indisputable superiority of its economy and the conversion of the artisan class to its viewpoint. Men so decent could not be denied indefinitely; hence the middle-class allowed some legal reforms and, against its better

judgment, admitted the artisans to citizenship in 1867.³

A particular contribution to stability was a fairly general acceptance of collective bargaining - for artisans. The acceptance depended on the more conciliatory attitudes of artisans and employers. Further back, it rested on the peculiar alienation, in Britain, of both the working class and the middle class from the ruling landed interest. Lacking rapport with government, both classes cultivated self-dependence, and rather preferred to deal with each other in a quasi-private manner than to risk the intrusion of a landlord state.

What of unskilled labour? Well, it was a good deal better off after 1850 than it had been before. And, as an essentially illiterate mass it was not yet prepared to challenge its betters. The defects of employers will be noted below, but in comparison with unskilled workers the superior qualifications of employers for authority were clear, and not to be contested before 1870.

The mid-Victorian stability of British industrial relations disappeared after 1870, and especially after 1888. The reason, at bottom, was that the differential qualification of employers to exercise authority became increasingly difficult to perceive.

Romantic writers have tried to picture the British employers of the eighteenth and nineteenth centuries as a race of entrepreneurs. There was an occasional daring and ingenious entrepreneur, but the vast

³T. R. Tholfsen, "The Transition to Democracy in Victorian England", International Review of Social History, VI (1961), Part 2, 226-248.

majority of these employers, in truth, were pedestrian and unimaginative. Their prime virtue, in the first generation, was a sober attention to their interests - they minded the store - and even this virtue was frequently lacking in the second generation. Such of them as might claim some kind of qualification usually had a mercantile background which, by putting an inordinate emphasis on short-term gains, unfitted them about as much as it fitted them for industrial management. The dominant fact throughout the nineteenth century was a dearth of anything that could be called professional management.

In the absence of such management, and under the stimulus of the mercantile approach, British industry was characterized by a proliferation of sub-contracting. Sub-contracting allowed use to be made of the abilities of unlettered but aggressive individuals from the depths of society, and allowed owners to deal with their industrial problems as price problems, which their limited minds could more readily grasp. It led, on the other hand, to a great deal of short-sighted management (or mis-management) and to pervasive abuse of the labour force.⁴

Aside from this, there persisted through most of the nineteenth century a large number of very small masters conducting operations that were increasingly "marginal". It was for these, Simon tells us, that the old discriminatory Master and Servant Act was preserved, and their unfortunate employees were its prime victims.⁵ The depression of the

⁴A.J. Taylor, "The Sub-contracting System in the British Coal Industry", L. S. Presnell (ed.), Studies in the Industrial Revolution (1960), 215-235.

⁵Simon, op. cit., 190-195.

1870's eliminated a lot of the small masters, and the Master and Servant Act became reasonably impartial in 1875: but not before an enormous sense of grievance had been built up among British workers.

After 1875 with small masters going, sub-contracting declining, and some modest advance towards professional management, things should have improved. In fact, they got much worse. For one thing, depression exposed, as it often does, the worst and meanest in employers. Back of this was a deeper problem, the increasingly moribund state of British industry, which has been blamed particularly on a collapse of enterprise among an increasingly ossified class of employers. Thirdly, whereas the qualifications of employers to exercise authority were advancing slowly (if at all), the qualifications of most workers had advanced very substantially.

This change involved particularly the semi-skilled members of the labour force. Their numbers were increasing in the latter part of the nineteenth century considerably faster than those of the established trades. They were much more literate and aware than their fathers had been. Their condition had improved, but they could wonder why in so rich a nation it did not improve more, and could sense the limited mentality and morality of their superiors. The more able and self-assertive could consider, not without justification, that they could run the country better than the incumbents. The rapid spread of socialism and other radical doctrines in the 1880's was an expression of such ideas, as well as an encouragement of them. With the further support of a little revival of prosperity, the consequence of these forces was an explosion of industrial unionism of the semi-skilled workers, especially in 1889-1890.

As might have been expected, British employers reacted to this burst of "New" unionism (once they had recovered from their surprise) with marked hostility.⁶ They were largely reconciled to the craft unions of skilled workers, to whom they could attribute steadiness and responsibility. A challenge to authority by persons of much lower status was regarded differently (many craftsmen were cool to this aggressiveness of the lower orders, too). Moreover, the new unions practiced militant mass action, often had socialist leaders, and were suspected of questioning the whole social order, as well as the traditional authority of employers. Significant too was the fact that employers unprepared to modernize their production methods could only protect their profit margins by a freedom to cut wages, which the new unions obstructed. The employer reaction to these various challenges took the form of a widespread campaign against unions and in favor of "free" (non-unionized) labour, waged through organs of public opinion and by systematic large-scale union-breaking. It induced, among other things, an attitude of increasing hostility to unions on the part of the courts which culminated in the Taff Vale decision of 1902.

The anti-union atmosphere of the 1890's was not confined to Britain. In the United States, this was the first decade of widespread use of labour injunctions (barely invented at the end of the 1880's), including the refinement of the "blanket injunction" and the subversion from its

⁶ John Saville, "Trade Unions and Free Labour: The Background of the Taff Vale Decision", A. Briggs and J. Saville (eds.), Essays in Labour History (London, 1947).

original purpose of the Sherman Anti-Trust Act.⁷ The essential basis of the conflict again was the same: the aspirations of indefinitely-skilled workers, becoming more numerous and more sophisticated, to the benefits of unionism; and the determination of employers that this challenge to their traditional authority would be resisted at all costs. It can hardly be held that the American employers in question were moribund, as their British counterparts were accused of being. On the other hand, their prime qualification for their positions was shrewdness (if nothing worse) and they, too, were lacking in professional qualifications for their posts. In short, the traditional authority of employers had been thrown into jeopardy because it was difficult to detect the superiority of their qualifications over those of many of the workers over whom they presumed to rule in arbitrary fashion.

These British (and American) experiences have marked relevance for Canada. Our traditions of and attitudes to industrial relations have come largely from Britain, directly and by way of the United States. Fundamental to Canadian laws and practices has been a concept of employer right to authority, based legally on property rights, but resting more deeply and consistently (e.g. in the connotations of property rights) on a presumption that they are qualified to rule by reason of their superior capacity. The correlative is that Canadian workers ought to accept this authority (or must be made to accept it) because they are distinctly less qualified to make the decisions of our society and are suited rather to obey them.

⁷Cf. A. G. Taylor, Labor Problems and Labor Law, (New York, 1950,) Chs. 21, 22.

Canadian experience has continually demonstrated another phenomenon observable elsewhere: that tensions in industrial relations increase or decrease as the "real" gap between employers and employed in capacity (as distinct from the constant gap assumed by the institutional structure) has narrowed or widened. Whenever the gap has narrowed - that is, whenever workers have generally been advancing more rapidly than employers in sophistication - tensions have become more acute. When the real gap has widened, tensions have usually diminished.

Canadian experience parallels that elsewhere in yet another respect: the recurrent survival alongside modern firms with superior managers of old-fashioned firms and employers. It is in line with experience in other countries that law and practice remain more suited to the old-fashioned than to the advanced firms. It is also common that law and practice fit badly the actual relationships in the advanced part of the economy, and the actual character of its labour force. Tensions necessarily follow and when the labour force of the retarded sector is also much more sophisticated than its employers, the tensions are especially sharp and difficult to resolve. These various difficulties, as they have affected Canada in the twentieth century, receive more detailed attention in what follows.

The Particular Context of Canadian Attitudes

A survey of the background of Canadian industrial relations would not be complete without some reference to the way that local experience (as distinct from a general cultural heritage) has conditioned the prevailing attitudes in Canada.

The Rural View.

It must be kept constantly in mind that Canada has had a rural background in fact, and still more in ideology. Half the population was engaged in farming until late in the nineteenth century, and more than a quarter was still so engaged as late as 1941. The typical form of agricultural operation, the family farm, has encouraged a conception of independence and individual enterprise. Other dispersed elements engaged in small-scale operations, notably fishermen, have also been important in the Canadian population. In terms of ideology and attitudes, the broader "rural" population is perhaps more significant than the "farm" population. Over half the Canadian population was classified as "rural" up to 1921, and the proportion had only declined to 43% in 1941. Even this understates rural influence, for the past predominance of rural society has led to an over-representation of it, sometimes grotesque, in all Canadian legislative bodies. This fact must be discounted by another, that except in the era of the Progressive Party, the legislative representatives of farm areas typically are not farmers, but small-town lawyers and businessmen. On the other hand, Canada's cities themselves, conscious of rural connections and with many residents not far from a farm background, have had a rural aura - at least until recently.

TABLE I RURAL-URBAN DIVISION OF THE CANADIAN POPULATION, 1901-1966

	<u>Rural</u>	<u>Urban</u>		<u>Rural</u>	<u>Urban</u>
1901	62.9	37.1	1941	43.1	56.9
1911	56.3	43.7	1951	37.1	62.9
1921	51.6	48.4	1961	30.4	69.6
1931	46.3	53.7	1966	26.4	73.6

Source: Historical Statistics of Canada (1956 definition used); Census of Canada, 1966.

The strength of the rural outlook, at least in the past, has not depended exclusively on numbers. It has had the advantage also of a rural mystique, a Physiocratic conviction that the productivity of the farmer has been the basis of all other (essentially parasitic) wealth, and that farm life entails a peculiar moral virtue. This view was held passionately by Canadian farm leaders of the early twentieth century, has been a conviction also of the rural non-farm population, and has by no means disappeared in the 1960's. It is significant that beer advertisements, though addressed mostly to urban customers, have a penchant for wholesome farm scenes. It seems significant too that after decades of acceptance that western agricultural settlement was the key to Canadian expansion in the twentieth century, economic historians have only begun recently to notice that manufacturing contributed a great deal more directly to the growth of G.N.P.⁸

In view of the importance of rural influences in Canada, it is appropriate to consider the rural attitude to wage-earners and their aspirations. The evidence does not suggest, though the contrary has often been asserted, that a deep cleavage between farm and wage-earning interests has been frequently apparent, much less inevitable. Rather, the record

⁸ A considerable literature has developed around this question: M. H. Watkins, "A Staple Theory of Economic Growth" and G. W. Bertram, "Economic Growth in Canadian Industry, 1870-1915: The Staple Model and the Take-off Hypothesis", both in the Canadian Journal of Economics and Political Science, May, 1963; E. J. Chambers and D. F. Gordon, "Primary Products and Economic Growth: An Empirical Measurement", Journal of Political Economy, August 1966, 315-332; A. Anastasopoulos and W. E. Vickery, "Exports and North American Economic Growth: The 'Structuralist' Model in Historical Perspective", a paper presented to meetings of the Canadian Political Science Association, June, 1967.

is of a substantial sense of unity of the industrious and productive classes, and of their common suspicion of the owning classes held to exploit farmers and wage-earners indifferently. Sentiments of this kind appeared in the predominantly wage-earning Knights of Labour, in such predominantly farm movements as the Patrons of Industry, and in Farm-Labour political movements. Aided by a wave of reform and humanitarian movements that flourished especially in the second decade of the twentieth century, and a common farm and labour objection to conscription, these movements achieved particular momentum towards the end of the First World War. The co-operative movement, rather well developed in Canada, also expresses the farmers' need for union and a considerable unity of interest of farmers and wage-earners as opposed to private commercial interests.

It has been characteristic, on the other hand, that farm movements, though typically manifesting an attitude of partnership towards wage-earners in their early years, have tended to develop a more hostile tone as the movements became consolidated and successful. This was true of the Progressive Party, and of various provincial farm-labour movements. It would be fair to say that labour movements also have tended as they became consolidated and successful to be more concerned with immediate practical advantages and less concerned with the common plight of the toiling masses. A reasonable explanation is that as these occupational groups became more professionalized, more consciously permanent in their roles - or less conscious of themselves as persons who might readily shift between farming and wage-labour - their conception of the social good narrowed. Farm movements have also had a very strong tendency to draw their spokesmen from an untypical stratum of "capitalistic" or kulak farmers. It is perhaps natural for such leaders to think of wage-

earners, not as men much like themselves, but as inferiors comparable to their own well-suppressed farm employees, or as servants in the seventeenth-century sense.

Such leaders have been quick to express hostility to unions whenever any farm interest has been involved. Perhaps the lowlier farmers have not always shared their sentiments exactly, but they would be more likely to do so as they became capitalistic and professionalized farmers themselves. Bad times, as in the 1930's may regenerate humility, doubt of the social order, and sympathy for others who are exploited. A long period of success and further professionalization, on the other hand, may provide sufficient explanation for an increasing farm impatience with union pretensions.

The Urban View.

Though a minority until recently, Canada's urban population also has a long-standing importance. The cities have held, of course, a variety of population, including most of the country's wage-earners. But the dominant urban element - dominant in the sense that its viewpoint has been the one expressed by city administrations, legislative representatives, the courts, and in the management of industrial relations - has been the owning and employing elite. And a vital point about this elite is that its attitudes have been predominantly commercial rather than industrial. There is, to be sure, variation. Hamilton, in particular, and southern Ontario cities generally, have had much more than the usual industrial context and outlook. Montreal, on the other hand, has had and still has a commercial outlook, notwithstanding considerable industrial

growth. Prairie cities, and the main Atlantic urban centres, exhibit almost untainted commercialism. Vancouver is somewhere in between.

The difference between commercial and industrial activity is very important, especially for labour relations. The merchant has a short time-horizon. He buys things and sells them again - as soon as possible - at a profit. His capital is basically liquid, and he likes to keep it that way. His relationship to those he buys from - and, often, to those he sells to - is impersonal. Those he deals with may never be met again. He does not care very much about them, or even the nature and quality of their products, except as these may reflect on his future commercial operations. Emphasis is on a shrewd awareness and quick capture of fortuitous market opportunities.

A substantial number of merchants have graduated into industrial production. Here they often show interesting evidences of their background. They are buying saleable products rather than the labour time of living people. They find difficulty in thinking in terms of long-run development, rather than immediate profit margins. They feel uncomfortable about sinking large sums in irredeemable fixed capital. If the operation's returns are disappointing, their instinct is to get out of it rather than to change the structure. But first they turn to what from the mercantile view is the obvious course, to demand that the costs of output - especially wages - should be reduced. On the other hand, the mercantile employer with his eye on current advantage may be more willing than an industrial one to grant very generous terms so that a dispute can be settled, with little thought of the impact of the settlement on future or other peoples' industrial relations. Such attitudes have been fairly well suited, and

probably encouraged, by the capitalistic labour market that developed in the nineteenth century.⁹

An industrial outlook, on the other hand, implies a rather long time-horizon. Capital has to be sunk, and markets cultivated. The labour force, also, is a long-term proposition: maintenance of it can not exactly be impersonal in the mercantile sense. For the very large firm, in particular, the capitalistic labour market is not the simple answer to all labour problems, for its demands on the market for various categories of labour may easily exceed the supply that the market can offer. The firm may therefore find it wise to cultivate its labour supply. If an unprofitable situation develops, the solution may be to maintain the labour force, like the capital equipment, and to find a way to use both of them better.

The growth of Canada's cities has involved, on the whole, an expansion of the industrial as distinct from the commercial interest. It would be daring to suggest, however, that the long time-horizon of the industrial (as distinct from commercial) elite is even yet in the ascendent.

The Small-Town View.

The problems of commercialism appear most acutely in small towns, where they coalesce with a type of rural interest. Small towns flourish (or not) on the fortunes of their surrounding rural areas. But they are

⁹H. C. Pentland, "The Development of a Capitalistic Labour Market in Canada", Canadian Journal of Economics and Political Science, November, 1959, 450-461.

inherently commercial, riveted to the difference between selling and buying prices. The commercial element that takes charge of them seldom feels that it has any scope for innovation, or for the capital investment that might go with it. Acutely aware of potential competition and imputing narrowness and rigidity to its market, it expects employees to remain available at low wage-rates by city standards. The situation is not conducive to the formation of unions, and they rarely appear. The leading elements of the small town are strongly opposed to unions in principle, however, partly for fear that too rank a growth of them elsewhere might lead to an urban-based unionism invading the small town and interfering with its economic and social arrangements.

Those who speak for the small rural town have not usually bothered themselves about the quasi-voluntary appearance of collective bargaining in cities. The professionalized and unionized wage-earners there, and their employers, are remote entities whose peculiarities may be tolerated at a distance, like the customs of foreign countries. It is only when unions and collective bargaining have a direct impact (e.g., as indicated, if they should threaten to invade the small town) that there is deep concern. On the other hand, small town spokesmen are suspicious of general laws that might encourage or be construed to approve union activity outside its usual haunts. The record of industrial relations in Canada will demonstrate a remarkable and persistent determination of powerful forces that collective bargaining of workers with their employers must be voluntary - i.e., that it may only occur if the employer is willing to accept it. It will demonstrate an equally persistent concern about, and a good deal of direct hostility towards strikes - i.e. to the persuasion of employers not already willing that they should bargain with

unions representing their employees. In sum, there has been continual pressure to require wage-earners to remain in unquestioning dependence on their employers unless employers voluntarily (without economic pressure) choose to make the relationship different. The attitude in question does not by any means stem only from small towns in rural areas, but they have provided an important and dependable support for it.

The Company Town.

There is another kind of town, often also small, that has continually affected industrial relations in Canada: the company town. While it has been said with a certain element of truth that North America is just a collection of company towns, the phenomenon here in question is the one-industry town which exists only because of one mining or manufacturing opportunity, exploited often enough by a single firm. From the emergence of Nova Scotia coal-mining towns (at least) through railway towns, British Columbia mining towns that proliferated in the late nineteenth century, pulp and paper towns, and the mining towns and small cities of the Canadian Shield, the company town has occupied a considerable though never predominant place in Canada's economy and (still more) its industrial relations.

In most cases the company town stands in exact contrast to the small, commercial town of rural areas, divorced not only from local economic connections but physically removed from any other substantial human population, to pop up unexpectedly out of the rock or the spruce woods. Its social structure, too, is sharply at variance with that of the rural-oriented small town. In the latter, the elite are the operators of small commercial and service establishments, and their presence and

the small scale of their operations preserves a myth - perhaps socially beneficial - that the elite are simple men not much different from the poor whites, creatures of irregular employment and low wages, who make up the bulk of the town. In a company town, no one can be obtuse enough to be unconscious of the social hierarchy. There are the workers. There are the managers. And there is a parasitic commercial element (the last two may or may not speak to each other). Some of the managers, imbued with the philosophy of "human relations", may try to establish contact with the workers. Some may even succeed; but their way is hard. For there is a decidedly missing element - the owners. The owners may be puzzled why there is a reluctance of workers to live in isolated company towns, but the surest thing about owners is that none of them will live in the towns themselves. Occasional owners have supported paternalistic policies, probably with considerable advantage. The more usual attitude of absentee owners has been a ruthless interest in profitability, without concern for the effects on the inhabitants of their company towns. Hence, the atmosphere of many company towns has been the atmosphere of permanent class war. The state has sometimes been troubled about this, but has rarely been prepared to encroach on "property rights" - the owners' rights - to do anything about it.

These conditions have produced the most intractable "industrial relations" problems of Canadian experience. Workers in company towns, removed from other human contact, have favored an in-bred, syndicalist type of unionism. Reinforced by a warm but local conception of the social good, they have produced militant unions. Their weakness is that, separated from the mainstream of events, they have a limited

conception of what is practicable in the outside world. They are in their own way as out of touch as the small rural town, and less capable of influencing others. Owners, too, tend to have limited empathy with either the company town or the Canadian national scene. It is true that the high-handed treatment of labour which they have frequently practiced has enjoyed a general support from the conservative attitudes and suspicions of organized labour that have pervaded Canada. But it also is true that Canada's two major steps in labour legislation (the Industrial Disputes Investigation Act of 1907 and P.C. 1003 of 1944) received critical impetus from company town situations (the Lethbridge coal strike of 1906 and the Kirkland Lake strike of 1942-3), and that the legislation in each case implied a recognition by Canadians not usually in sympathy with labour that the behavior of employers left much to be desired, that this behavior was in some sense "the cause" of labour unrest, and that simple suppression of labour was not a real solution.

The Labour View.

In counting off the Canadian polity there remains a very numerous element, the wage-earners themselves. Their outlook has usually had an insignificant influence on events, except when imposed forcibly on public attention by an upheaval. If influence has been tiny in proportion to numbers, an obvious reason is that wage-earners have been less cohesive than other groups. A large majority have always remained, like seventeenth-century "servants", the mute appendages of employers. Those that have achieved the independence of unionization have been divided in greater or less degree among themselves. Muteness and

division have been regularly encouraged, it is true, by outside influences; but the effectiveness of these influences is something for which wage-earners themselves bear a good deal of responsibility.

The situations in which the labour outlook matters and the ones most potent for the evolution of industrial relations are those (as labour leaders have tirelessly pointed out) in which large numbers of wage-earners overcome the usual obstructions and achieve a high degree of unity and inner-directed action. The detail of such fluctuations is necessarily a part of the record below.

The Totality of Canadian Attitudes.

While industrial and sometimes wage-earner outlooks have played a part, Canadian reactions to the main forces of the twentieth century can usually be traced back to commercial, small-town, and rural attitudes. These are highly-calculating attitudes in the short-run and in immediate situations. Equally, however, they are highly pragmatic, uncritical and opportunistic regarding matters more remote in time and space. If a new development offers some immediate advantages, a rugged Canadian nihilism refuses to contemplate whether it may bring more troubles than benefits in the end. Thus, in the twentieth century Canadians have continually displayed enthusiasm about increasing exports, viewed in terms of an immediate increase in incomes, without much discernible attention to the vulnerability associated with a rising dependence on foreign markets. Similarly, it has been characteristic to view foreign investment favorably, in terms of immediate market and employment opportunities, without consideration of the strains imposed by continued foreign ownership on the economic and political structures of the country.

Some of the roots of these attitudes appear to be theological - not unlikely since those in question have provided the most devout sections of what a learned sociologist has characterized (perhaps with some exaggeration) as the Northern Bible Belt. There has in the twentieth century been a theological conviction, not unlike Adam Smith's, that economic forces left to themselves will somehow work out for the best - or, at least, that what is predestined will come about and it is somewhat sacrilegious as well as pointless to interfere. The strange masochism of Canadians, a certain delight that high living should be followed by the retribution of hard times, is another theological approach and another contributor to planlessness. Theology, especially fundamentalist theology, has likewise contributed to the inflexibility of industrial relations attitudes, for it invites a fundamentalist view of property rights and of the proper subordinate place of employees, in either the seventeenth or the twentieth century.

There are, however, interesting nuances of these attitudes. Up until 1920, the same elements in Canada (and the United States) that cultivated a hazy theological economic determinism and turned their economic gaze to the short-run were engaged in a sweeping reform movement with long-run moral objectives: temperance in particular and social uplift in general. The reform movement, moreover, had a very practical twentieth century character - its basic ethic was efficiency - and the anti-fundamentalist premise of the perfectability of mankind. Like the public health movements of the nineteenth century, it provided a nice combination of the moral superiority of health, the practical advantage of controlling disease, and the devotion of science to these moral and practical purposes.

There is another twist. Contrary to what is sometimes stated, nineteenth-century Canadians did not by any means believe firmly in the doctrine of laissez faire. Neither, in economic affairs at least, did they cultivate as much theological mystification as their twentieth-century descendents. Raised in an interventionist state, and convinced of the necessity of intervention to accomplish their purposes, they practiced extensive though discriminating control of the economy by government. Within this framework there was periodic evidence of Tory Radicalism - piecemeal reform that avoids challenging the essential structure and is for the general purpose of preserving it. This predilection continued on into the twentieth-century, at which time it received an important expansion of support from the zeal of the moral reformers. In particular a combination of Tory Radicals, moral reformers, and labour groups touched by the doctrines of socialism were successful in the first two decades of the twentieth century in establishing government ownership and operation of various utilities, notably hydro-electric power and telephones. Some of the same forces contributed to a considerable development of Canadian co-operatives, especially producer co-operatives for the handling of farm products. The enterprises that resulted have played no insignificant part in protecting a section of the Canadian economy from foreign ownership, and restricting the toll required to be paid for it. They have also provided a standing demonstration (in contradiction to allegations of business groups, especially those of American origin or under American influence) that publicly-owned enterprises can be highly efficient and of great benefit to Canadian consumers, so that whenever there is a resurgence of reformist zeal, and sometimes just as a practical solution to a problem, extensions

of public ownership occur from time to time. The generalization that emerges is that Canada has preserved or resurrected some of the concern for the common good, the disbelief in laissez faire, and the long view that was prominent in the nineteenth century; but that these attitudes have flourished only when supported by a moralist reformism, and have not been of significance in areas to which the typical Canadian is morally neutral, or in which his morality leans to the private interest and the short-run view.

Not only has the typical Canadian of the twentieth century preserved a short-term and opportunistic attitude to the broad sections of the economy outside those to which he has applied a moral reformist viewpoint; his indifference to or tolerance of private activity that may harm the public has tended to increase. Whether or not this should be attributed to the rising American influence in Canada, the fact is that there has been a slow erosion of Canada's traditional attitudes and the substitution for them of attitudes typical of the United States. The original attitudes, though most Canadians seem unconscious of it, were markedly different. Despite (or because of) particular flagrant breaches, the traditional Canadian approach was one of social solidity or commonwealth: the general interest must prevail over particular ones. There was little room for doubt, either, that private advantage might conflict with public advantage, and that state intervention to preserve society from internal as well as external dangers was necessary. Similar attitudes were not unknown in the United States, especially before the Civil War, but the prevailing ethic of that country has been a very different one: that the syndicalist pursuit of private gain by all,

uninhibited by qualms about the interest of others, constitutes or will lead to the maximum public good. However dubious the harmony of interest theory behind the American approach, the competition that is supposed to police such a system obviously has more scope in the wide market of the United States than in the narrow Canadian one. Some sense of this fact is apparent in the limited as well as confused way in which Canadians have restricted monopoly. In other respects, however, the American syndicalist attitude has become increasingly prevalent in Canada without any apparent attention to its limitations in general and in the Canadian context. Indeed, it is the more industrialized society of the United States that in recent years has shown the greater appreciation of planning and of central direction, suggesting that the longer survival of mercantile attitudes and short-term viewpoints in Canada has played a significant part in supporting a syndicalist view. As Canada's external economic relationships have become concentrated in the United States, some Canadians also seem to experience increasing difficulty in conceiving that their country is not exactly a region of the latter country, and may therefore consider that meaningful steps to direct the economy can only be those initiated in Washington or New York.

Implications for Industrial Relations

Though it would be inappropriate to anticipate here the conclusions of this study, some salient ways in which Canada's industrial relations have been affected by its background may be briefly stated.

Our cultural heritage is one that has emphasized the authority of the employer (property-owner) and the subordination of his employee. The harshness of this hierarchical conception has been re-inforced and

perpetuated in Canada by the strength of rural, small town, and mercantile points of view.

The expansive rights of employers (owners) has entailed a right to treat or bargain with employees if they see fit, and a certain amount of forcible persuasion applied by employees who want to be bargained with has been tolerated. The dominant attitudes, however, have always regarded strikes as evidence of social ill-health, which ought to be minimized, and have been hostile to particular strikes that by their methods or their length or their leverage are calculated to force the hand of employers beyond a certain threshold of reluctance. On the same basis, there has been strong opposition to legislative compulsion of employers to bargain. As general laws to compel bargaining have appeared, opposition has shifted to ensure that the laws will not apply in practice to situations in which employers are still strongly and ideologically unwilling to accept their direction.

The growth of a syndicalist unconcern for the common good may have intensified opposition to general rules that would interfere with an employer prerogative to refuse union recognition. On the other hand, syndicalism may have facilitated the development of collective bargaining in some sectors of the economy where it has been able to take place with small effect on more traditional sectors. It has also encouraged the marked syndicalism that has characterized a large part of Canadian unionism at most times.

Syndicalist behavior of all parties might work out for the best if there were an Invisible Hand. In the absence of such a regulator, it may produce an unbearable amount of incoherence. Regulation by the state, on the other hand, is subject to the pressures of cultural lags

which have been discussed and which will be met in more specific contexts in later parts of this study. Yet failure to overcome these pressures perpetuates the handicap of trying to operate an economy of the 1960's with industrial relations machinery that was already of doubtful modernity several decades earlier. This, in essence, is Canada's industrial relations problem.

III. Canadian Labour Relations, 1900-1939

After a long period of depression (during which, however substantial growth appears to have occurred), the early years of the twentieth century were marked in Canada by explosive economic expansion, and a new political orientation. The Canadian economic structure that had been consolidated during the second half of the nineteenth century was transformed during the first two decades of the century into the different structure that has provided the main framework of the economy up to the 1960's. In the same period, labour was notably aggressive and articulate. Employer attitudes were predominantly antagonistic to any alteration in the industrial relations system of the past, but underwent some reluctant changes nevertheless. The state, for its part, showed more initiative in meeting new industrial relations pressures than it has ever shown since. These features and their implications are explored in greater detail below.

The Economy.

The performance of the Canadian economy in the opening years of the twentieth century exhibits suggestive parallels to the record of the 1960's. In both periods, an era of prosperity and expansion succeeded a depressed one. The burst of expansion produced rising prices in both periods, at fairly similar rates. In the earlier (as the later) period there was a rapid growth of the labour force, which seems to have been particularly strong from 1898 until about 1903. Both periods were featured by a notable shift of the labour force out of agriculture: its share of Canada's "Gainfully Employed" declined from 40% in 1901 to 34% in 1911, despite the expansion of agricultural settlement in Western Canada. The employment losses of agriculture did not, however, flow to

TABLE II

RELATIVE GROWTH OF THE GAINFULLY OCCUPIED CANADA AND UNITED STATES, AND OF SPECIFIED OCCUPATIONAL AREAS
1890 = 100

	1880/1	1890/1	1900/01	1910/11	1920/1	1930/1	1940/1	1950/1	1960/1
Total, Gainfully Occupied	73 86	100 100	122 111	155 170	175 197	200 244	225 261	249 329	232 255
Occupied in Agriculture	86 90	100 100	107 97	114 127	111 141	105 153	90 147	70 113	71 88
Manual - Mfg.+Mining + const. + transport (+labourers, Canada)	63	100 100	132 121	180 204	225 217	242 284	329 301	296 420	220 442
Manufacturing (Mfg.+hand trades)	67	100	134	173	229	231	251	n/c	354
(Mfg. and Mechanical)		100	126	156	171	208	298	412	436
Trade and Finance	61	100 100	132 114	191 253	244 333	385 400	388 422	n/c 592	706 559

Sources: Historical Statistics of Canada; 1961 Census of Canada; Historical Statistics of the United States;
Statistical Abstracts of the United States.

manufactures: despite the substantial absolute growth of manufacturing, its proportion of the Gainfully Employed declined in the decades after 1900 (from 17% to 14%) - in this respect diverging from the record of the United States. The major gains in employment between 1901 and 1911 came, in fact, in construction, transportation and communication, and clerical employment, and to a lesser extent in trade and finance and mining, somewhat paralleling the growth of white collar and service employments in more recent times. The obvious check, then, was on the growth of manufactures, even though the rise in the Gross Value of Output of Canadian Manufacturing between 1900 and 1910 has been put at the exceptionally high rate of 6% per year¹ and productivity in manufacturing must have been rising by about 3.5% per year.

The performance of the economy after 1912 was very much less satisfactory. The years 1913 to 1915 were characterized by severe depression. The succeeding period of wartime activity has a feverish and unhealthy quality. For one thing Canada's leaders, in common with those of other countries, relied on market forces to manage the war economy. This appears to have allowed serious mis-allocations of resources, as well as uncontrolled price increases which eroded real wage levels. Then, a certain pre-conception that Canada's role in the world was to provide food and raw materials led to a substantial neglect of Canadian manufacturing as a source of war supplies, except for

¹Bertram, "Economic Growth in Canadian Industry, 1870-1915", op. cit., 170.

explosives. The proportion of Canada's Gainfully Employed in manufacturing declined between 1911 and 1921, while the proportion in agriculture hardly declined at all. The growth of per capita income (GNP per capita) had been faster than in the United States before 1900, and had held its own in comparison with the United States up to 1910, but stood still in the succeeding decade - whereas the average U.S. income rose about 13%.² In short, the economy was not very admirable in production, still less so in terms of distribution, and the industrial relations tensions that reached a peak in this period had valid roots in the economy.

The 1920's have a certain grey quality, lacking either the ebullience of the period before 1914 or the harsh maladjustments of the war period. To be sure, there was a steady growth of population, of output, and the first significant advance of real wages since 1900. And since this growth was accomplished with an almost perfectly stable price level (after 1922), some have regarded this as a particularly satisfactory period. There are some grounds for this view. Unemployment appears to have been minimal in the latter years of the decade. In contrast to the preceding decade, a measure of rationalization of agriculture occurred. The shift that took place into white collar employments implied that Canada was in tune with the rest of the Europeanized world. On the other hand, no new thrusts characterized the Canadian economy, but merely a consolidation of the trends of the earlier period, of which

²See the accompanying table. It may be noted that the Canadian failure to keep pace was concentrated in very specific periods - 1916-18 and 1923 - when, apparently, American manufacturing progressed much more than Canadian.

PER CAPITA GROSS NATIONAL PRODUCT,
CANADA AND THE UNITED STATES
(in 1929 dollars) AND INDEXES OF
PER CAPITA G.N.P. IN EACH COUNTRY

	Canada		United States	
	Per capita GNP (in 1929 dollars)	Index (1910=100)	Per capita GNP (1929 dollars)	Index (1910=100)
1880	\$265.26	52.22	\$347.19	56.78
1890	328.45	64.67	415.48	67.95
1900	407.55	80.24	502.04	82.11
1910	507.87	100.	611.41	100.
1915	520.05	102.39	600.90	98.28
1916	540.00	106.32	675.39	110.46
1917	545.91	107.49	651.30	106.52
1918	546.01	107.50	710.85	116.26
1919	547.53	107.80	709.60	116.05
1920	516.36	101.67	688.55	112.61
1921	458.48	90.27	659.48	107.86
1922	487.67	96.02	688.62	112.62
1923	500.55	98.55	766.59	125.38
1924	493.44	97.15	774.34	126.64
1925	518.84	102.16	781.58	127.83

Source: Calculated from data shown in J. H. Dales, The Protective Tariff in Canada's Development (Toronto, 1966), Table A.1, p. 136. The Canadian Statistics are based on D.B.S. data and on Firestone, and I have depended on Dale's conversion to 1929 dollars. The United States' data is that appearing in the Historical Statistics of the United States, p. 139, with some inconsequential adjustments which I have not disturbed.

not a few were unhealthy. The proportion of the Gainfully Employed in manufacturing failed to advance. Other disabilities will be noted in discussing the industrial structure. These ambiguities produced a sort of labour peace, but it was not a peace of satisfaction. It was a peace, rather, of indecision, indirection, and resignation.

There is nothing much new that can be said about the 1930's, a global monument to economic incompetence, though it should not be forgotten that the Canadian performance was especially bad. A singular irony lies in the fact that, under the guise of British Imperial Preference, Americanization of Canada was further consolidated in this decade. Again, the economy did not go anywhere: there was some further rationalization of agriculture and a restoration of employment in manufacturing to the level of 1900, but these phenomena could not have much significance as long as a massive waste of productive resources continued. However the state was prevented from applying any effective remedy by obsolete patterns of thought. Periods of deep and prolonged depression, when the reserve army of labour is evident everywhere and there is no "labour problem" from an employer's viewpoint, are the least likely to produce progress in industrial relations. All the more remarkable that in this period wage-earners achieved a new cohesion and purposefulness, which laid the groundwork for a modernization of the economy and of social institutions.

The Structure of Canadian Industry.

Notwithstanding a steady increase in the average capital and output of manufacturing establishments, Canadian manufacturing retained the same general appearance and orientation in 1900 as it had displayed

three or four decades earlier. The typical manufacturing establishment had a tiny capitalization, at least by later standards, and about five employees. Its output depended on the skilled labour of its employees rather than on any advanced technology built into specialized machinery. Even large establishments tended to be no more than places where an unusual number of craftsmen producing by hand had been brought together under one roof. The function of these establishments was to supply the home (not export) market, in which they were protected by transport costs, tariffs, familiarity with local conditions, and the fact that manufacturing establishments in other countries were not much different. Distinct from these were establishments that processed Canada's primary products for export: flour and saw mills, and later cheese factories. These were larger, and comparatively advanced in technology. On the other hand, they were oriented to the leading demands of the nineteenth rather than of the twentieth century. Wooden shipbuilding, a major Canadian industry of the nineteenth century, had already been eliminated by obsolescence before 1900. Some mining operations were of substantial size, but Canadian preference was still for the Clementine and Klondike type of operation. Very large construction projects were not uncommon in the nineteenth century, but again these represented a massive application of manual effort more than a significant use of capital in the form of mechanical equipment.

Much of the industrial structure inherited from the nineteenth century persisted, of course, into the twentieth - frequently far into it. Appreciation of this fact is essential to an understanding of Canadian industrial relations. So, however, is another fact, that the early decades of the twentieth century were featured by a profound

re-orientation and transformation of Canadian industry which adjusted it to the market demand and technology of the twentieth century as these applied most obviously to Canadian resources.

In manufacturing, the major changes in structure centred on the rise of three industries: pulp and paper, automobiles, and electrical apparatus. While all have earlier beginnings, all experienced an extremely rapid growth between 1910 and 1920, and a more massive absolute growth (though a smaller relative one) in the 1920's. Industries related to these rose at the same time: rubber, automobile parts, industrial machinery. The new industries displaced the older manufactures from prime importance and established the basic industrial structure which is still dominant in the 1960's. All of them have involved a very large scale of operations by previous standards, i.e., large total capital investment, large investment per employee, and concentration of a large number of employees in each establishment. All have exhibited the further concentration of many establishments in each firm characteristic of corporate or financial capitalism.

The new structure was rounded out by analogous development outside manufacturing. In mining, the dominant feature was the rise of non-ferrous metal production, typically concentrated in large firms with elaborate equipment based on improved technology. The other most striking development, the production and distribution of hydro-electric power, was featured even more by large scale, a large investment of capital per employee, and reliance on new technology. Alongside these stood, of course, the giant railway corporations, the construction of which (itself a giant operation) had enlivened both the nineteenth and

CANADA, NUMBER OF EMPLOYEES PER MANUFACTURING FIRM

	No. of establishments (thousands)	Total Persons Employed (thousands)	No. of persons per establishment
1880*	47.1	248	5.3
1890*	69.7	351	5.0
1905	15.2	383	25.2
1917	22.0	586	26.6
1920	22.4	576	25.8
1930	22.6	614	27.2
1940	25.5	762	29.9
1950	35.9	1183	32.9
1959	36.2	1304	36.2

*Nineteenth century censuses of manufacturers included a great number of small shops that would not have been classed as manufacturing establishments in subsequent censuses.

DISTRIBUTION OF CANADIAN MANUFACTURING ESTABLISHMENTS
BY NUMBERS OF EMPLOYEES

	Under 5 employees		5-49 employees		50-99 employees		100 employees and over	
	No. of est. (000)	%	No. of est. (000)	%	No. of est. (000)	%	No. of est. (000)	%
1915	8.3	55.7	5.2	34.9	.7	4.7	.7	4.7
1922	14.8	66.5	5.6	25.1	.9	4.0	1.0	4.4
1930	12.6	52.5	8.9	37.1	1.2	5.0	1.3	5.4
1940	13.1	51.4	9.7	38.0	1.2	4.7	1.5	5.9
1950	16.7	46.6	15.1	42.2	1.9	5.3	2.1	5.9
1959	14.6	41.0	16.2	45.5	2.3	6.5	2.5	7.0

SOURCE: Historical Statistics of Canada, p. 463, 489.

the early twentieth centuries. These might be viewed as a bridge between the old and new industrial structures, a premonition and demonstration of the application of new technology, massive capitalization, centralized and elaborate organization, the corporate structure, and non-competitive pricing.

Not only the nature but the orientation of the twentieth century industrial structure was different. The major new export industries - pulp and paper, non-ferrous metals, and hydro-electric power to an extent - produced primarily for the United States' market. The new manufacturing industries catered to the home market, like their predecessors, but with a new and extreme dependence on American conceptions of appropriate consumption patterns.

Two further features of the new industrial structure of the twentieth century require attention: the pressure for concentration and larger scale, and the rise of foreign, especially American, direct investment in Canada.

The technical applications, market differentiation, and leverage of corporate financial power that characterized the new industries of the twentieth century had a profound though uneven effect on the old industries as well. Frequent in the early part of the century is the cry of "undue" competition. The solution, for those who found one, was concentration. Particularly in the first two or three years of the century, but continuing very steadily until 1910, Canada experienced a wave of mergers and what are now called "take-overs". The precise effect of these varied: sometimes they provided the base for large and advanced new establishments, sometimes they involved a concentration of

production in the more efficient of existing installations, and sometimes they represented no more than an attempt to monopolize the market. The general effect is apparent, however, in the growth of capital and output per establishment and, less spectacularly, in the increase of employees per establishment. The consequence has been an industrial structure considerably more concentrated than that of the United States, and with a smaller variation in the sizes of larger and smaller establishments in various industries, although Canadian enterprises are smaller than American on average.³ This is so even though there was a considerable falling off in mergers (or in publicity about them) after passage of the Combines Investigation Act in 1910, and subsequent concentration was handled more cautiously. In practice, however, neither Canadian governments nor Canadian courts have interposed serious obstacles to industrial concentrations that seemed likely to improve efficiency.

These changes have been connected, though in no precise way, with the rapid growth of American investment in Canada.

There was some growth of American direct investment in Canada before 1900, and some of the largest and most solidly-established of American-owned firms arrived at that time, such as Imperial Oil, International Nickel, Canadian General Electric (at first partly owned in Canada), and Westinghouse. Americans also invested in lumber and mining enterprises, especially in British Columbia, but these investments involved some Americans who followed the old practice of moving in with

³G. Rosenbluth, "Industrial Concentration in Canada and the United States", Canadian Journal of Economics and Political Science, Aug. 1954, 332-346; Concentration in Canadian Manufacturing Industries (Princeton, 1957).

their capital, as well as the growing number who adopted the twentieth-century fashion of absentee ownership of Canadian resources. However the total American investment in Canada in 1900, at \$168 millions, was not overwhelming, the much larger British investment was predominantly indirect, and Canadians could assume, as they clearly did assume, that they owned nearly all the enterprises of their country.⁴

In the fourteen years from 1900, American investment increased more than five times in value, to \$881 millions. As far as can be judged from the birth-dates of American-owned firms still existing in the 1930's, the fastest rate of growth occurred right at the beginning of the century, 1900-1905, during which time the number of these firms more than doubled. Their multiplication advanced by a series of ever-higher plateaux: about 12 firms a year up to 1905; an average of 21 per year, 1906-1910; 28 per year in the period 1911-1918; 50 per year from 1919 to 1928; and 90 per year in the early 1930's. These figures, of course, have only a loose connection with the total growth of American investment in Canada, which consisted increasingly of additional investment by firms already established. This total investment, after increasing five times up to 1914, went on to double between 1914 and 1918 (from \$881 to \$1630 millions), to double once more by 1926 (\$3196 millions) and to rise a further 50% by 1930 (\$4660 millions). After that, though there was

⁴The early history of foreign investment is set out in Herbert Marshall, Frank A. Southard Jr. and Kenneth W. Taylor, Canadian-American Industry: A Study in International Investment, (New Haven and Toronto, 1936). The Knox estimates of foreign investment which are usually cited appeared in this volume, p. 299.

some replacement of other foreign capital by American, large-scale penetration was suspended until the 1950's. By this time, however, American firms possessed from a one-third up to almost total command of all the new manufactures, of mining, and privately-owned electric power.⁵

Canadians tended to retain ownership of older types of enterprise in which they had become established before American penetration became massive, such as food processing - partly, perhaps, because profit rates were not high and steady enough to attract strong interest. Canadians also continued to dominate forms of enterprise in which success depends on entrepreneurial capacity and familiarity with local conditions, and the monopoly leverage of patents, financial power, and exclusive access to markets is difficult to establish: examples are found in construction, some forms of merchandising, and agriculture. And there has been the occasional industry, such as primary iron and steel (an industry with a very spotty record up to 1939), in which Canadian ownership has eventually strengthened its position. The more usual position, however, has been similar to that revealed in the pulp and paper industry during the 1930's: that the Canadian "share" of Canadian industries is smaller in reality than official statistics of capitalization imply. In the case of pulp and paper, the Canadian-owned firms were the weak and high-cost producers, plagued by lack of capital resources, outmoded equipment, and weaker market connections.⁶

⁵Ibid., 21, 299.

⁶Ibid., 44.

Along with the change by which foreign owners assumed control of the strategic positions in Canadian industry came a change in tone or spirit. In the early years of the twentieth century, approximately to the end of the First World War, employers tended to be vociferous, even strident, in their objection to American influence. Their general hostility to international unions was in part a manifestation of this attitude. By the 1920's, however, Canadian nationalists had either been eliminated from the ranks of Canadian employers or had become clients of American penetration. The bland quality of the 1920's reflected a foreign victory won, and the British Imperial Preferences of R. B. Bennett, whatever was intended, failed to disturb this reality. The stabilization of foreign investment until the 1950's diminished the prominence of the question, but events then and later demonstrated that no effective force in Canada, governmental or otherwise, was prepared to do anything about foreign ownership except defend it.

Canada's Economic Orientation.

One reason for the charmed life led in Canada by foreign ownership and the related phenomenon of economic concentration has been the increasing dependence of Canada on foreign trade, and especially trade with the United States.

The Canadian national economy constructed in 1867 was designed (as the United States' economy had been) on east-west lines, based on the St. Lawrence system and its westward connections. It was not contemplated, of course, that trade with the United States should be foregone, or that cities located at the junction of east-west with north-south trade routes, like Toronto and later Winnipeg and Vancouver, should abandon

one of the dimensions that justified them. But a people that had experienced a great deal of insecurity in their trading relations both with Britain and the United States certainly had in mind the advantages of unfettered and secure exchange in the home market. What they achieved in this respect was an economy in which exports and imports (each) remained pretty steadily at one-eighth of the Gross National Product: a less vulnerable proportion than before, or after. There was the added insurance that, if Canada had only Britain and the United States as trading partners worth mentioning, its trade was divided fairly evenly between them.

The changing structure of the Canadian economy in the twentieth century eroded this measure of security in two ways. First, dependence on foreign trade rose, reaching a peak in the 1920's, when exports came close to being a quarter as large as G.N.P., and imports at least a fifth. Since the Second World War these percentages have declined, but they are still about 50% higher than was the case in the nineteenth century. The second trend, evident throughout the twentieth century, has been towards an exclusive concentration of Canadian trade on one country, the United States. The trend was first obvious and pronounced in respect to Canadian imports, of which 60% or more have been drawn from the United States throughout the present century, and the figure now tends to run over 70%. For most of the first three decades of the twentieth century the new orientation was much less evident for Canadian exports, which continued to go, about 40% to the United States and rather more to Britain. This situation, in which Canada bought predominantly from the United States and sold predominantly to Britain involved, of course, a payment clearing problem of which a good deal used to be made. Britain still buys much more from Canada than it sells to her; but

CANADIAN EXPORTS AS A PERCENTAGE OF CANADIAN G.N.P.

AND

SHARES OF THE UNITED STATES AND THE UNITED KINGDOM
IN CANADA'S FOREIGN TRADE

	Cdn. Exports as % of GNP	Cdn. Imports as % of GNP	Percentage of Total Exports to		Percentage of Total Imports from	
			U.S.	U.K.	U.S.	U.K.
1880	12.9	12.0				
1886			44	47	45	41
1890	10.6	13.9				
1900	16.0	16.3				
1901			38	52	60	24
1910	12.5	16.6				
1911			38	48	61	24
1920	22.9	24.2				
1922			39	42	67	18
1926	24.5	19.6	36	36	66	16
1936	20.2	13.7	36	42	58	19
1948	20.3	17.4	49	22	69	11
1955	15.8	17.4	60	18	73	9
1960	14.5	15.1	56	17	67	11
1966	17.9	17.1	61	10	72	7

Sources: Historical Statistics of Canada; D.B.S. Trade of
Canada (Export, Import)

British trade, from Canada's point of view, is much less important than it used to be. The overpowering fact is that Canada's exports to the United States have mounted to constitute 60% of all its exports. This enormous dependence of Canada on one trading partner is not matched by an equivalent dependence of the United States, large and self-contained enough that it is barely conscious that it has foreign trade, though very conscious of its power.

The situation of dependence on trade with the United States was implicit in the structural changes after 1900, notwithstanding that transcontinental railways and the wheat economy were conceived in terms of east-west and trans-Atlantic trade. The pulp and paper and mineral industries which became so prominent were developed - frequently by Americans - to serve primarily the United States' market. Manufacture of consumer durables, the other main thrust of the twentieth century, drew and still draws a heavy flow of components from the United States, reflecting and reinforcing American demand patterns, and reflecting also the purposes and policies of American owners. Beyond a certain point (which, however, it would be difficult to date very specifically) these developments clashed with the east-west structure of the Canadian economy, tending to fragment the national economy and the unity based upon it. Ontario and Quebec in particular, as prime exporters of new products to the United States, and Ontario as the prime location of American subsidiary manufacturing, developed a highly ambivalent attitude towards the preservation of the Canadian economy, as other provinces were to do also (justifying their attitude by that of the central provinces) whenever an important trade of a predominantly provincial

dimension developed with the United States. Divisive attitudes were strengthened in the 1930's when western wheat production (a prime support of the east-west structure), collapsed, and generally whenever a province calculated that it could reduce its share of the costs of supporting the national economy without diminishing its share of the benefits. The development of hydro-electric power in a provincial context tended also to promote provincialism and illusions of provincial self-sufficiency. Perhaps more important than the changes in structure and orientation themselves was the view commonly taken (though successfully challenged in 1911) that Canada's integration with the United States was "natural" either because geography dictated it or because it followed from the operation of free market forces which could or should not be challenged.

The Political and Social Background.

Was the coincidence of economic expansion and transformation in the early twentieth century with the supremacy in federal politics from 1896 of the Liberal Party led by Laurier purely fortuitous, or did it reflect some profound socio-political adaptation? In terms of tariff policy, by which party differences have often been identified, nothing very deep seemed to happen: the change was from a 30% to a 25% tariff, covering new manufactures as well as old ones, and when the Liberal Party revived the issue of Reciprocity with the United States, it was defeated in 1911. The Laurier government also vigorously pursued the National Policy of developing and consolidating the east-west national economy by railroad building.

If the context is further broadened, however, deeper implications of political changes can be found. The Conservative Party had become identified with, and apparently unable to move beyond, the secure but unspectacular Canadian economy of the late nineteenth century - an economy of small-scale production providing a high degree of national self-sufficiency but incapable of competing with foreign producers except in the traditional processing of wood and farm products. The Liberal Party, on the other hand, if only by its traditional emphasis on freer trade with the United States, seemed to fit more appropriately the emerging new economy of large-scale production of raw materials for the American market and the large-scale manufacture of durable goods geared to American standards and tastes. One of the consequences of the new economy, fragmentation of the east-west economy and the tendency for new industries to become identified with particular provincial interests, also fitted well with the stress on provincial rights and autonomy which had become a prominent tenet of the Liberal Party since the 1880's. Not, of course, that Canadians made a deliberate choice in such stark terms. The majority appear to have found the old economy exceedingly comfortable, to the extent that it prevented the Conservative Party from offering anything new. Those who turned to the Liberal Party included some far-sighted determinists who perceived the inevitability of change, but most of the electors expected to keep the nice old cake of comfortable security and the nice new cake of buoyant expansion too. The vigor with which the Liberal Party promoted railroads and the prairie wheat economy, identified with a high degree of national economic cohesion and unity, concealed the real direction of change; and when the electors were openly invited to scrap the old economy in 1911, they rejected the

invitation. Significantly, however, no subsequent government has ever made a serious effort to reverse the direction of change, or even to spend a significant amount of imagination on the reconciliation of change with the preservation of a national economy, and the Liberal Party resumed its ascendancy in Canada's federal politics from 1921.

The ascent of the Liberal Party to power in 1896 was even more appropriate in terms of the industrial relations required by the new twentieth-century economy - a subject to be pursued in a subsequent section. Topics remaining here are the changing interpretation of the Canadian constitution, the abandonment of a National Policy, and the attitudes of Canadians.

The Constitution.⁷

The British North America Act of 1867 was designed to create a strong national government, with the provinces in a decidedly limited and subordinate position. A strong national government was desired for abundant reasons both of defence and opulence, and particularly to get on with the development of a rich and united nation. As this purpose implies, the leaders of the country in the nineteenth century were pragmatic men who did not believe that economic growth was a natural outcome of laissez faire, but rather agreed that an adequate national development could only take place if the state established the framework.

The sense of the constitution was well expressed in the Trades Union Act of 1872, to be noted later, of which the constitutionality was

⁷ Some of the most useful brief discussions of the Constitution appear in the Report of the Royal Commission on Dominion Provincial Relations (Ottawa, 1940), Book I, 30-36, 55-59, 247-259.

not in question at the time. It was also upheld in the Privy Council decision of 1882 supporting the constitutionality of the Canadian Temperance Act. In retrospect, it is unfortunate that so frivolous an issue should have been made a test of the occasions on which the federal responsibility for peace, order, and good government should override the provincial responsibility - soon to be vastly exaggerated by the Privy Council - for property and civil rights. All the same, if the whole labour force of the Dominion had been about to dissolve in a sea of drink, as temperance advocates claimed, the Temperance Act would have been legislation appropriate to the federal responsibility for economic health and growth.

After 1882, the constitutional record deteriorates very rapidly. An obvious factor is the rise of provincial activity, partly promoted by the failure of the federal government to take action in important fields. The development also must be attributed to a belief of the Privy Councillors - if they actually thought about what they were doing - that economies run themselves and thus it is rather a good thing to make effective government intervention impossible. Actually the promoters of provincial rights seem for a long time to have thought of themselves as gnawing away at the edges rather than as hamstringing the essential powers of the federal government. And, for several decades, this assessment possessed considerable validity: it was not, for example, until the 1920's that the paralysis of legalism overtook the area of industrial relations. Subsequently, as the danger to effective national government became more evident, remedial action has been obstructed by a transmuted version of autonomous economic forces: a view that the

Canadian economy cannot and need not be governed independently because it is bound to be governed by the conditions of the economy of the United States.

It is commonplace but still important to cogitate on the contrasting constitutional experiences of Canada, on one hand, and the United States and Australia on the other. In Canada, the effort was made to leap over some decades of cultural lag and to endow the country with a strong centralized government - whereas the other countries began with the obvious handicap of constitutional parochialism suited to the limited visions of their citizens but unsuited to the needs of a modern economy. In both the United States and Australia, however, the constitutional straight-jacket proved not to be effective: the public pressures arising from the reality of a national economy has forced re-interpretations and practices that have converted a decentralized constitution of theory into a centralized constitution in fact. In Canada it was, of course, the reverse process that occurred: with encouragement from the parochial interests that Macdonald had proposed to circumvent, the modern constitution of theory was re-interpreted into one suited, if at all, to dispersed and isolated colonies. There is obviously more to this denouement than the obtuseness of Privy Councillors: in Canada as elsewhere, the pressures of a national economy are fully capable of extracting the constitutional interpretation that would suit them. Indeed, even the powers which the courts have allowed to remain in the hands of the national government might be sufficient to provide effective direction to the economy, if public attitudes encouraged their vigorous use. Why, then, has constitutional development in Canada been predominantly in the opposite direction? The answer that suggests itself is that

powerful forces have operated in Canada to prevent the consolidation of a national economy, and to tear down the national economy in existence. Some of these forces have already been noted, and their operation may further be examined in relation to the National Policy first so designated by the Conservative Party in 1879.

The National Policy.

The constitutional havoc wrought by the Privy Council had something, but not everything, to do with what happened to Canada's National Policy. The purpose of the Policy - "the design of creating a national political and economic unit in the British North America of a century ago"⁸ - was clear enough in the beginning. Railways, western settlement, and industrial growth supported by protection were the main prongs; but, essentially, the Policy encompassed any measure to make Canada a rich and united nation.

Conservative leaders supported these objectives during their period of power to 1896. The Laurier Liberal government maintained the main features as previously identified - railways, settlement, and protected manufactures. The Union Government of World War I supported them too, though they were overshadowed by the immediate national objective of winning the war.

⁸The definition is taken from V. C. Fowke, "The National Policy - Old and New", Canadian Journal of Economics and Political Science, Aug. 1952, 272. The classic discussions of the National Policy appear in two appendices of the Report of the Royal Commission on Dominion-Provincial Relations: D. G. Creighton, "British North America at Confederation" (Ottawa, 1939) and W. A. Mackintosh, "The Economic Background of Dominion-Provincial Relations" (Ottawa, 1939).

What happened after 1920? V. C. Fowke held that the purpose of the first National Policy had been fulfilled by 1920, leaving the federal government with nothing significant to do. Federal governments, in their aimless inactivity, certainly demonstrated a sharing of this belief. In Fowke's view, the Canadian government gradually evolved a New National Policy in the 1920's and 1930's, consisting of provision for social welfare, agricultural price supports, and monetary management.⁹

A trouble with this formulation is that the creation of national economic strength and unity was not something accomplished by 1920 - indeed by nature it is an objective that can never be finally completed. Another trouble is that social welfare, agricultural price supports, and monetary management obviously do not constitute anything so basic as a "National Policy", but a collection of rather superficial activities. There was need enough for a real "New National Policy", for the Canadian economy of the 1920's left much to be desired. There were too many people in agriculture and primary industries, manufactures were competitively weak and foreign-dominated, the populace was deficient in education and skill (a fact that received periodic notice long before there was an Economic Council), the country was extremely dependent on the vicissitudes of trade with the United States, and provincialism and regionalism were rampant. All these defects were accentuated in the 1930's, when no one could any longer doubt that the shape and operation of the economy were

⁹Fowke, op. cit., 278 ff. Cf. Report of the Royal Commission on Dominion-Provincial Relations, Book I, 112, 132-3.

badly askew. Except for the belated establishment of a Central Bank, however, the "New National Policy" did nothing to overcome the basic difficulties.

Social welfare provisions and agricultural price supports, such as there were of them, came not as cures but rather as stop-gap measures of amelioration to ease the pain. As transfers (or at least guarantees) of income from rich to poor, urban to rural residents, and central to outlying provinces, they were essential enough; and it was not an insignificant achievement that a principle of national responsibility for minimum levels of social services was established, following the Rowell-Sirois Report, in the teeth of ferocious opposition from Ontario and Quebec. In terms of dealing with the erosion of the national economy by the economic forces dominant in the twentieth century, however, they had only the role of tranquilizers and, by evasion, amounted to an anti-national policy.

It is true that the obstacles to any fundamental measure to rescue the economy were formidable: the entrenchment of anti-national developments since 1900, the paralysis imposed by the Privy Council, and the prevalence of economic ignorance and ideological confusion. This is to restate the problem, and the crucial fact is that scarcely anyone with access to power had any thought of solving it. There was one spark of initiative: it would have been interesting to know what the midnight Bennett "New Deal" might have done for Canada - it had the breath of national responsibility and real national policy in it. However, following the resurgence in federal politics of the Liberal Party, the whole thing was referred to the courts and duly found unconstitutional. Only with the advent of World War II, as an unintentional derivative of its prosecution,

was the Canadian economy re-vitalized and re-unified, and the enormous potentials suppressed under its peacetime orientation brought into the open.

The Immediate Background of Industrial Relations

1) Labour Supply and Demand - Canada's "gainfully occupied" population stood at about one and three-quarters millions in 1901, and about one million more in 1911. Subsequently it increased more slowly, reaching three millions in 1921 and four millions in 1931 and 1941. For the later dates, labour force data (including unemployed workers) are available. They report a civilian labour force of 3.1 millions in 1921, 4.2 millions in 1931, and 4.6 millions (including a half million unemployed) in 1939.

In the first decade of the century, immigration is estimated to have added more than natural increase to the growth of the labour force (population ten years and over). Total immigration was not much lower in the second, or even the third, decade of the century. However, emigration was also high, and 80% to 90% of the growth of the labour force has been attributed to natural increase. In the 1930's, immigration was insignificant, there was net emigration, and the increase of the labour force depended overwhelmingly on the native-born.¹⁰

The changing structure of employment in the early expansive years of the twentieth century offers some parallels with later periods of expansion. Clerical workers had been multiplying considerably faster

¹⁰ M. C. Urquhart and K. A. H. Buckley, Historic Statistics of Canada (Toronto, 1965), 22.

GAINFULLY OCCUPIED - CANADA AND U.S.

		1890/1	1900/1	1910/1	1930/1
Total	Canada	1,606	1,783	2,724	3,922
	U.S.	23,740	29,070	36,730	47,400
Agriculture	Canada	735	716	934	1,128
	%	45.76%	40.15%	34.28%	28.76%
	U.S.	9,990	10,710	11,340	10,480
	%	42.08%	36.84%	30.87%	22.10%
Mining	Canada	15	28	62	59
	%	00.95%	1.58%	2.29%	1.49%
	U.S.	480	760	1,050	1,160
	%	2.02%	2.61%	2.85%	2.44%
Manufacturing	Canada	238	300	372	496
	%	14.81%	16.82%	13.65%	12.64%
	U.S.	4,750	6,340	8,230	10,990
	%	20.00%	21.80%	22.40%	23.18%
Const.	Canada	87	89	151	203
	%	5.41%	4.99%	5.54%	5.17%
	U.S.	1,440	1,660	2,300	3,030
	%	6.06%	5.71%	6.26%	6.39%
Trans. Comm.	Canada	61	82	159	289
	%	3.79%	4.59%	5.83%	7.36%
	U.S.	1,530	2,100	3,190	4,850
	%	6.44%	7.22%	8.68%	10.23%
Trade Finance	Canada	88	100	223	352
	%	5.47%	5.60%	8.18%	8.97%
	U.S.	1,990	2,760	3,890	7,660
	%	8.38%	9.49%	10.59%	16.16%
Service	Canada	204	236	323	617
	%	12.70%	13.23%	11.85%	15.73%
	U.S.				
	%				

		1890/1	1900/1	1910/1	1930/1	
ical	Canada	24	59	106	258	
	%	1.49%	3.30%	3.89%	6.57%	
	U.S.					
	%					
rers	Canada	117	129	317	426	
	%	7.28%	7.23%	11.63%	10.86%	
	U.S.		3,620	4,478	5,335	
	%		12.45%	12.19%	11.25%	

sources: Historical Statistics of Canada p. 59
 Historical Statistics of the United States p. 74

than the labour force generally since at least the 1890's, and continued steadily to do so. Services and the quasi-professional occupations included in the statistical category, "Trade and Finance" grew disproportionately in the first decade of the century and at various subsequent times.

On the other hand, and in contrast with recent experience, it seems clear that "unskilled" employments (those with indefinite skill requirements and a heavy emphasis on physical effort) expanded considerably faster than "skilled" ones (requiring journeyman skill) in the first four decades of the century. The evidence, to be sure, is not clear and conclusive. Aside from the indefiniteness about what skill is (and, basically, it is merely a relative concept), the categories of the existing statistics are not very helpful. The statistics shown in the accompanying table were selected as those most likely to cast some light on the subject; but, in fact, they do not show clear trends, and their dubious origins would not let them command much confidence if they did.

Other, more general, evidence, however, strongly suggests a much more vigorous growth of employments without specific skill requirements as compared with the recognized trades. The changes in Canada's industrial structure would suggest as much. Much of the demand for labour in the early part of the century derived from railway construction, carried on by methods that relied primarily on large amounts of heavy manual labour. It is not surprising, then, that Canadian workers classed as "labourers" increased steadily from 129,000 in 1901 to 426,000 in 1931 and constituted an increased proportion

CANADA: Proportions of Skilled and Unskilled Labour in
Selected Employments, 1881 - 1921
(as indicated by Censuses)

	Building Trades		Manufactures of Iron and Steel		Manufactures of leather and rubber goods	
	<u>%skilled</u>	<u>%unskilled</u>	<u>%skilled</u>	<u>%unskilled</u>	<u>%skilled</u>	<u>%unskilled</u>
1881	28	72	87	13	n/a	
1891	44	56	70	30	98	2
1901	44	56	74	26	88	12
1911	58	42	57	43	86	14
1921	56	44	65	35	65	35

Source: Sixth Census of Canada, 1921, Vol. IV, pp.2-5.

of the labour force. The expanding transportation sector required a large number of indefinitely-skilled workers, the same was true of expanding extractive industries, and it is notorious that the rise of large-scale mechanized manufacturing entailed a diminished reliance on craftsmen and a much greater use of quickly-trained "operators". If agriculture is included - and its skill requirements were indefinite and subordinate to manual exertion in the thinking of the early part of the century - an addition of 400,000 more-or-less unskilled agricultural workers must be noted between 1901 and 1931.

The impression of a shift towards unskilled labour is supported by other evidence. In the years before 1913, for instance, there were frequent complaints of shortages both of skilled and unskilled labour. This is itself suggestive, for in the usual boom of more recent (and also less recent) times, the greater emphasis has been on shortages of skill. But, in fact, it was the cry for unskilled help that was more frequent and insistent in the early part of the century. That Canada experienced an exceptional demand for unskilled labour is indicated, too, by a comparison of Canadian with British wage rates in 1906. It was stated in that year that "common labour" rates were 82% higher in Canada than Britain, but rates for machinists only 64% higher and for carpenters, 40% higher.¹¹

¹¹Labour Gazette, Vol. 7 (1906), 407-408.

A further point may be noted: that a society with an abundance of strong and active young men tends to develop industries and techniques that make ready use of strong and active young men. The point applies to Canada in the early twentieth century with the addition that, besides its own considerable resources of brawn, the country under the tutelage of Sir Clifford Sifton made great efforts to import foreign manpower, with a great emphasis on its hardiness and very little on skill or education. If the structure of labour demand and supply in the early decades of the twentieth century is considered, there is really no need for anyone to be surprised by the Second Annual Review of the Economic Council of Canada, which noted that the improvement of Canadian educational levels had suffered a severe check after 1920, and that subsequent Canadian progress in education was markedly less than that of the United States. The disadvantage emerges as a consequence of the great emphasis in Canada on "brawn" employments, particularly on agriculture regarded as a brawn employment and supposed to require minimal education, and the modest record of Canada as compared with the United States in manufacturing. It arises, secondly, from a vast immigration of which a substantial part was barely literate, and lacked a strong desire for literacy among its children. The same phenomena provide possible reactions for the none too satisfactory record after 1900 of per capita income in Canada, as compared with the United States.

It would be wrong, on the other hand, to suppose that demand for skilled labour in Canada was weak. So far as the first and most buoyant expansion was concerned - 1898 to about 1903 - the demand for skilled artisans and skilled miners appears to have been exceptionally pronounced, providing a basis for a vigorous growth of trades unions that was a feature

of the period. The expansion appears to have been extensive rather than intensive, and it is doubtful that manufactures were rationalized very much during this time, so that a strong demand for tradesmen is to be expected. The subsequent record is more equivocal: there are periodic demands for skilled labour and complaints of shortages, but they are mild enough to be consistent with a considerable shrinkage in the relative (but not absolute) use of tradesmen. The check on union growth after 1904 suggests the same phenomenon. Flurries of excitement about vocational education around 1906 and, again, around 1911, reflect temporary concern about supplies of skilled labour but do not necessarily deny a long-run decline in its use. What people pointed out at the time was that the native-born had failed signally to equip themselves with skills, so that a great part of Canada's skilled labour supply had had to be drawn from other countries. The same reliance on foreign supplies of skill had existed in the nineteenth century. The Canadian-born, then as later, considered it their birthright to enjoy satisfactory employments without any particular education or skill, solely by exercise of their native ingenuity. The structure of the demand for labour provides reasons why the native-born should think this way, and enough opportunities existed in farming, railways, construction, and other industries with indefinite requirements, that their belief was not wholly illusory. An unfortunate by-product, however, has been the too successful effort of ingenious but unskilled natives to prevent skilled employments from using any standards of qualification, so that they would be always open to unskilled but ingenious natives. Their success rested, among other things, on the real decline in the relative demand for craftsmen in the twentieth century.

This decline, and the relative rise of indefinitely-skilled employments, are both important to the evolution of industrial relations in Canada.

Unions and Management

There had been upsurges of union organization in Canada around each of the decennial years, 1870, 1880, and 1890; but, as the accompanying table shows, it was only in 1898 that organization clearly hit a new pace. From that date, however, union formation advanced with unprecedented vigor. Nearly three-quarters of all the local unions existing in 1902 for which a date of origin was known had been formed since the beginning of 1898, and when the first extraordinary wave was spent, by the end of 1903, about 60% of the 1395 locals reported had been established in the previous five years. Total union membership at that date probably exceeded 100,000 - about 10% of the non-agricultural labour force, and three-quarters of the way to the union membership of 1911. Unionization was obviously dampened after 1903, but there was another wave from 1906, and an enormous one after 1915. The peak of this third upsurge was reached in 1919-1920: 2847 locals with 378,000 members in 1919, 2918 locals with 374,000 members in 1920 - levels not to be reached again until 1937.

These data themselves suggest the course of economic expansion, particularly the vigor of expansion from 1898 to 1903 and the predominance then of extensive development that multiplied the employment of workers who organized readily, such as artisans and miners (for instance, at least 11 miners' locals were organized in British Columbia during 1899). Demand for labour at that time clearly tended to outrun

GROWTH OF UNIONS IN CANADA

A. Date of formation of local unions in existence, July, 1902, and which were able to report their date of formation

B. Recorded local unions

				Net gain in year	Total locals end of year
Date	No. of Locals				
		1901	-		984
		1902	190		1174
1844-1869	29	1903	221		1395
1870-1879	26	1904	44		1439
		1905	- 2		1437
1880-1889	115	1906	69		1506
1890	22	1907	174		1680
1891	17	1908	106		1786
1892	12	1909	72		1858
1893	23	1910	6		1864
1894	17				
1895	14	Mar., 1911			1752
					Members
1896	17	1911			1741 (133,132
1897	20	1912			1883 (160,120
1898	35	1913			2017 (175,799
1899	90				
1900	145				
1901	188				

Total recorded:

End 1901	984
July, 1902	1078

SOURCE: Labour Gazette - A. Vol. 3 (1902-03), pp. 158-9, 244-5, 548-552, 606-7, 892-3, 1014-15.

B. Various issues, especially Vol. 11, p. 957, Vol. 12, 1157.

Note - There are various uncertainties about these data. In respect to the A series, the figures cover only those locals known to the Department of Labour in 1902 from which a date of formation could be obtained - i.e., 863 out of the 1078 locals known (including 94 locals formed in the first half of 1902). In respect to the B series, the figure for union gains in 1902 appears to be a net figure, but is not clearly stated to be so. The remaining gain figures are net, but the figures for total locals in existence (and recorded) at the end of each year are calculated. They accord well with other information except for (1) a figure of 1551 locals reported in July, 1903; (2) a decline of unionism seems to have occurred in 1911 but its extent as shown is hard to credit and suggests faults in the data.

supply, inviting workers to express grievances that had accumulated in the 1890's and to press for higher wages. Workers were pushed in this same direction by a rising cost of living, particularly rising food prices, which persisted with only minor and temporary checks through to 1921. Rising prices neutralized wage gains so that, except in construction, Canadian workers failed to achieve any significant improvement in real wages before the 1920's, and those in extractive industries appear to have been distinctly worse off after 1910 than they had been in 1900. While sophisticated arguments about productivity had not then been invented, it was a natural question why workers did not receive a better share of the contemporary affluence, and the spread of socialist doctrines that purported to answer the question followed logically. In particular, the addition to syndicalism and special militancy of miners can scarcely be divorced from the downward path of their real wages. For the majority of workers, real wages became much more satisfactory in the 1920's, when they were about 20% higher than they had been up to 1918. This change might be regarded as an indirect achievement of one of the objectives for which workers had fought in the crisis years, 1919-1920. However miners and loggers, though they had participated energetically in the battles, again failed to share improved conditions in the 1920's, and remained alienated from the remainder of society by this as well as other facts.

The fluctuations of industrial relations can to some extent be observed in the statistics of industrial disputes. It is symptomatic of dominant Canadian attitudes (and highly significant) that the Department of Labour, upon its establishment, felt a much stronger

WAGES
(1900 = 100)

Year	(1) General Index of Money Wages	(2) Price Index of Family Budget	(3) Real Wage Index (General Index)
1900	100	100	100
05	117	112	104
10	135	131	103
1911	133	133	100
12	137	141	97
13	141	143	99
14	143	146	98
15	144	142	101
1916	154	151	102
17	176	186	95
18	207	211	98
19	243	227	107
20	289	265	109
1921	264	232	114
22	246	214	115
23	252	215	117
24	256	212	121
25	253	215	118
1926	255	220	116
27	260	217	120
28	264	218	121
29	268	221	121
30	270	218	124

Source: Department of Labour series from M. C. Urquhart and K. A. H. Buckley (editors), Historical Statistics of Canada (1965). Wage indexes for 1900 estimated from 1901 on the assumption that wage movements in Canada in 1900-01 were approximately the same as those in the United States.

REAL WAGES INDEXES IN CANADA 1900-1930
(1900 = 100)

Year	General Index	Logging	Coal Mining	Metal Mining	Construction	Railway
1900	100	100	100	100	100	100
05	104	102	105	97	113	97
10	103	98	98	89	115	100
1911	100	98	100	88	118	105
12	97	96	96	87	118	101
13	99	97	95	85	122	102
14	98	88	95	83	120	101
15	101	87	99	86	124	105
1916	102	97	101	89	118	102
17	95	103	96	81	103	98
18	98	105	102	77	104	109
19	107	112	103	72	113	119
20	109	108	102	72	118	122
1921	114	88	123	76	128	123
22	115	74	126	76	132	126
23	117	87	126	79	134	127
24	121	100	124	80	139	128
25	118	88	107	80	138	127
1926	116	87	104	78	136	124
27	120	90	106	80	143	134
28	121	91	106	79	148	133
29	121	90	105	79	156	135
30	124	89	106	80	162	137

Source: Department of Labour series from M. C. Urquhart and K. A. H. Buckley (editors), Historical Statistics of Canada (1965). Wage indexes for 1900 estimated from 1901 on the assumption that wage movements in Canada in 1900-01 were approximately the same as those in the United States.

obligation to collect and publish comprehensive statistics of industrial disputes than statistics of union organization, the cost of living, or even wage rates (much less profit rates), and to notice "losses" of working-time in disputes long before there was any interest in losses of working-time due to unemployment or illness. Official statistics of disputes are therefore available from 1901, without having to be calculated and estimated as data for the cost of living, real wages, and labour organization have been in this study. Even so, data on the number and magnitude of disputes can only give a limited idea of the issues of industrial relations involved.

The peaks of dispute incidence can serve, nevertheless, to focus some issues. The year, 1901, may be regarded as one of them (even though there are no previous statistics) and 1903 is another. The years 1907-8 and 1911-12 also have crisis qualities (though the incidence of disputes remained relatively high, in fact, throughout the whole period 1907-1913). There is another peak in 1917, and the greatest of all, of course, in 1919. Following this, the incidence of disputes remains very high until 1925, after which it became and remained remarkably low by historical standards (in terms of man-days). There are new peaks of conflict in 1934 and 1937, but their dimensions are unimpressive in comparison with experience in the early part of the century.

An important ingredient of these disputes has been, of course, the wage issue, which simple folk determinism tends to view as the only issue. A conviction that wages are inadequate and demands for higher ones have been fairly continuous, and are prominent in the

disputes of 1901, 1903, and 1917. The same issues in reverse, employers' attempts to lower wages, was prominent in the disputes of 1908, 1912, 1921-22 (the majority of numerous disputes in these years arose from wage reductions) and 1934.

There are, however, some special points about disputes over wage reductions that need to be noticed, if the difficulties of industrial relations are to be fully understood. Employers have tended, as the record indicates, to think of wage cuts whenever the market (either the product market or the labour market) is slack. They do so especially if prices are falling, but may do so as well when the market for labour has eased either generally or seasonally (1907-8, 1912-15). From the viewpoint of an employer with a commercial orientation, this is entirely proper and "natural" - he pays a higher price when he must, a lower price when he can, without imputing a moral aspect to either course. The prevalence of this commercial viewpoint among employers in the early decades of the twentieth century is suggested by their attitude towards the rising price levels of their time. It is only since the Second World War that employers have become warm guardians of the price level, expressing a hostility to persistent price increases that contains a considerable amount of moral feeling. A skeptical interpretation of this change might be that, since the Second World War, public opinion has been almost unanimous that price increases justify commensurate wage increases, greatly limiting the possibilities of classical "profit inflation". The primary point to be made here is that employers showed almost complete indifference to rising prices, or welcomed them, up to 1920. It was wage-earners, and government,

that showed concern. The wage-earners were inclined to treat the erosion of their real wages as a question of morality. They felt a moral right to the wages they worked for, and objected to being "robbed" of them either directly or indirectly. On the other hand, though rarely being given credit for it, they did not object to employers doing well if their real wages were maintained.

There is an additional aspect of the problem. There is no year from 1901 through to the 1920's - no matter how buoyant, how tight the labour market, how much prices and wages are rising - when a considerable number of employers did not try to carry through a wage reduction.¹² Reductions in slack periods might be plain "good business", but what induced those reductions proposed, fairly frequently, in the teeth of market forces? A clue is provided in the complaints, common before 1914, that business was increasingly and ferociously competitive. It is reasonable to suppose that those who felt this pressure the most were the producers whose facilities were becoming obsolete and who could not or would not modernize, perhaps lacking capital or entrepreneurial capacity. Small inefficient producers have always inclined to the view that they should be kept in operation by low wage rates, taking into account the moral worth of small business - along with the moral worth of native-owned business. The prevalence of the commercial outlook, which thinks of wage-cuts rather than investment

¹²Labour Gazette, all issues.

in improved equipment or organization as the way out of difficulties, also bears responsibility. The problem can be illustrated by the case of a Canadian employer who chose to reduce wages in so unlikely a year as 1917. At the time his factory was engaged in producing military clothing, and he reduced wage rates because the prices offered on his new clothing contracts had been reduced.¹³ It speaks volumes about the attitudes of employers and about the state of industrial relations that, of all the alternatives open to him, he should have chosen a wage-cut.

However, wages were not the only thing, and sometimes not the most important thing. Shorter hours of work was a regular issue, though never in this period the pervasively dominant one that it has occasionally become. More prominent, and basic to the industrial relations problem, was the issue of union recognition. The recognition issue can be a sham or buffer issue, disguising a bread-and-butter question: an employer finds it more convenient to say that for various reasons he will not recognize unions than to say he will not raise wages. In this situation, recognition is made a tactic and the union, if it is to obtain its wage demands, has to win them under the name, "recognition". There has, certainly, been a considerable amount of this semantic evasion in the practice of Canadian industrial relations. However, the recognition issue has been much more real and more basic than this, especially at some critical periods between 1900 and 1939.

¹³ Labour Gazette, Vol. 17 (1917), 688.

During the great wave of union organization and action at the beginning of the century, recognition was a vital question repeatedly. Employers opposed recognizing and dealing with unions on various grounds of principle, and the evidence is persuasive that, at least in many cases, the employer's position was not just a tactic, but a sincere expression of what the employer believed to be right. When such a position of principle is assumed, it forces even the most inconsequential collective demand to become a challenge to principle, proper authority, and the established order. The situation takes on an irreconcilable character not unlike the one Rimlinger has delineated in Czarist Russia, where it was principle that the Czar cared as a father for all his people, the smallest protest of industrial conditions was therefore subversive of the Czar's role and authority, and no real solution existed except the elimination of the Czar himself.¹⁴

This was nevertheless the position assumed by Quebec City employers of boot and shoe workers in 1901. Their reasons for refusing to negotiate with representatives of their employees read in part as follows:

The question, therefore, reduces itself to that of knowing whether the operatives will continue to run the factories as they like, or if employers, who have invested their capital in this industry, will have the right to administer their establishments as they wish and employ what operatives they desire whether they belong to unions or not. . . .¹⁵

¹⁴G.V. Rimlinger, "The Management of Labor Protest in Tsarist Russia: 1870-1905", International Review of Social History, V (1960), Part 2, 226-248. Cf. also Reinhard Bendix, Work and Authority in Industry: Ideologies of Management in the Course of Industrialization, (New York and London, 1956), Chs. 1, 3.

¹⁵Labour Gazette, Vol. 1 (1900-01), 154.

There is no reason to suppose that the employer attitude here expressed was untypical, either in 1901 or much later, and ample evidence to show that it was a view commonly held. Recognition as a principle was a prominent if not the central issue of the Canadian Pacific Railway trackmen's strike of 1901 (credited with stimulation of the Railway Labour Disputes Act of 1903), other railroad strikes including the C.P.R. shopmen's strike of 1908, the 1906 strike of Lethbridge coal miners which directly stimulated the Industrial Disputes Investigation Act.¹⁶ It was also central to the 1918 dispute between Winnipeg metal workers and their employers which served as one prelude to the Winnipeg General Strike,¹⁷ and to the renewed 1919 confrontation that set off the General Strike itself. A considerable number of disputes in and around 1918, in fact, were concerned with the issue of recognition. It has been prominent, indeed, whenever an expanding and ebullient labour movement has encountered employer solidarity in opposition, as in 1900-1903 and 1917-20, and appeared widely in similar circumstances in the years after 1936. The Canadian Manufacturers' Association declined, for reasons to be noted later, to serve as the organizing centre of employer opposition to unions and

¹⁶E.g. F. A. Anton, The Role of Government in the Settlement of Industrial Disputes in Canada (1962), Chs. 5, 6.

¹⁷Labour Gazette, Vol. 18 (1918), 604-610.

union recognition, but passed on the task to the Employers' Association of Toronto (1901) and other employer associations formed about the same time (Boards of Trade, Western Lumbermen's Association, Mountain Manufacturers' Association, Ontario Coal Association).¹⁸ As for the state, the legislation of the period evaded this issue, and though a British Columbia Commission on Coal Strikes of 1913 proposed compulsory union recognition as part of the formula for dealing effectively with disputes,¹⁹ and an Order-in-Council of 1918 (P.C. 1743) seemed to recommend the same principle,²⁰ no real action was taken on the matter until 1944. This long delay will receive some further attention.

A second ground of principle for refusing to recognize unions was also advanced by the Quebec shoe employers of 1901: they were "decided not to reopen their doors until they have checked the intervention of foreign labour unions in the carrying on of their business, seeing that these unions are trying to take trade elsewhere".²¹ This principle of resisting foreign control was advanced very frequently and, it would seem, with considerable sincerity, in the following years. It was, for instance, the ground advanced for resisting a strike of

¹⁸S. D. Clark, The Canadian Manufacturers' Association (Toronto, 1939), 41, 42. Also Labour Gazette, Vol. 3, 913.

¹⁹Labour Gazette, Vol. 13, 433.

²⁰Labour Gazette, Vol. 18, 616.

²¹Labour Gazette, Vol. 1, 154.

Toronto Street Railway Employees in 1902 since, if the union were recognized, "there is nothing to prevent a few American labour leaders from tying up every Canadian street railway, and factory, whenever it suits them to do so".²² Sinister foreign influence was also a ground, in 1903, on which the Canadian Pacific Railway refused to recognize the United Brotherhood of Railway Employees; and, as the C.P.R. was at that time engaged in some fancy competition with American railways for western traffic, its fear that recognition might "adversely affect the competition position of the CPR"²³ may have been genuine. The Canadian Manufacturers' Association expressed itself strongly to this same effect.²⁴ The C.M.A. was still against foreign agitators in 1909.²⁵ However, the most striking thing is the way this particular principle withers away after 1903, becoming the pathetic cry of small employers isolated from the mainstream of events. One reason was the rapid growth of American ownership, which could hardly object to foreigners itself, and whose influence made it bad taste to refer to the question of foreigners even before the First World War. A second reason was the

²²Labour Gazette, Vol. 3, 36.

²³Labour Gazette, Vol. 4.

²⁴Clark, Canadian Manufacturers' Association, 44.

²⁵Labour Gazette, Vol. 10, 474.

increasing success of the international craft unions in persuading employers that they were vastly preferable to the wild-eyed industrial unions that appeared from time to time - persuasion backed up by a demonstration that they would put more energy into the destruction of any competing union, from the U.B.R.E. to the O.B.U., than they had ever put into combatting employers.²⁶

The third ground of principle on which employers refused to recognize unions was selective: some unions are not really unions, but quasi-political bodies advocating some form of industrial co-operative democracy. This was the essential ground on which the C.P.R. refused to recognize a really admirable union, the United Brotherhood of Railway Employees, a successor (more or less) of Eugene Debs' American Railway Union. The C.P.R. had the satisfaction of being backed up by a Royal Commission, with William Lyon Mackenzie King as secretary. This Commission held that not only the U.B.R.E., but the Western Federation of Miners and the American Labor Union, were not "legitimate" unions. Lacking legitimacy, they had no rights, especially no right to recognition.²⁷ The same point applied to the Industrial Workers of the World, denounced with its lawless methods by the C.M.A. in 1913.²⁸

²⁶See Charles Lipton, The Trade Union Movement of Canada, 1827-1959 (Montreal, 1966), 101-103, 208-211.

²⁷Labour Gazette, Vol. 4.

²⁸Labour Gazette, Vol. 13, 450.

The same was to be true, in its time, of the One Big Union.

From a tactical viewpoint, it is, of course, very convenient to be able to say that the opponent is illegitimate, and anything he does in the game does not count. From the viewpoint of power politics, those who reasoned this way were reassured, for the appropriate authorities supported them. From the viewpoint of industrial relations, however, the whole exercise was a failure: there was no meeting of minds. Those with superior power simply rode rough-shod over those with inferior power. And the superiors cheated, for they ranged on their side all the forces that did not understand the questions.

In terms of comprehension and accommodation, the question of "legitimate" unionism has had some of the same irreconcilable qualities as the question of unlimited employer prerogatives. Though unions did not do anything that could readily be called socialistic, they talked a great deal about establishing a socialist or syndicalist society.²⁹ Even the American Federation had discussed a revolutionary overthrow of the wage system and its replacement by industrial democracy, as the Employers' Association of Toronto noted in 1903.³⁰ Such talk clearly frightened employers and made them resist unionism in principle: that is, employers had a fundamentalist view of existing institutions (as many still have) which categorized any exponent of alternative institutions as a devil to be resisted and suppressed. The exercise

²⁹ See Martin Robin, "Radical Politics and Organized Labour in Canada: 1880-1930", Ph.D. thesis, University of Toronto, 1964.

³⁰ Labour Gazette, Vol. 3, 913.

of this view prevented the accommodations that recognized unionism and collective bargaining could have brought, demonstrated to workers that their employers were soul-less greedy monsters who would not willingly alleviate any part of their condition, and thus promoted the spread of radical views among wage-earners.

Involved in the recognition question, and another fruitful source of confusion and misunderstanding through to the present day, was the question whether a contract with a union could be relied on. It was common from the beginning of the century for employers to assert, among other reasons for not recognizing and entering into contracts with unions, that unions were not responsible makers of contracts. One of the things meant by this was that a collective contract was not enforceable at law. Whether or not this was exactly correct, it was the prevailing view. Thus, the British Columbia Commission on Coal Strikes of 1913, in its comprehensive plan for solving the labour problem, recommended among other things that the terms of collective agreements should be recognized and enforced by the courts. And a court decision of 1930, subsequently supported by the Privy Council, specified that collective agreements were never intended to be legally enforceable agreements.³¹

A favored solution of this problem was to require incorporation of unions, a proposal which employers have put forward continually. The contrary view of unions also has not varied much from that expressed by the President of the Trades and Labour Congress in 1903: "I know of no instance in which a trade union incorporated or unincor-

³¹Labour Gazette, Vol. 13, 433; Vol. 30, 355, 1473.

porated has ever recovered damages from an employer where he has violated an agreement." Incorporation, he went on, would open the door to endless litigation against our unions for the most trivial causes by our members as well as employers. Lose or win, in either case the end would be the same, resulting in our funds being frittered away in expensive law costs.³² In respect to legal practice, unions have been quite regularly recognized by Canadian courts for the purpose of assessing damages against them - decisions of this sort were particularly common in the years immediately following the Taff Vale decision of 1902. On the other hand, the U.M.W.A. in 1908 failed to win damages arising out of the employer's violation of the collective agreement on the ground that the union had no legal status and could not sue.³³

How frequently in practice there has been failure to abide by collective agreements is very difficult to discover. Well-established unions appear always to have been careful about their agreements, and, of course, have always argued that employers should welcome their becoming well-established so that they can police their agreements effectively. On the other hand, newly-organized workers (also newly-organized employers) are apt to have a very indistinct if not airy view of what they have agreed to. Their frequently undisciplined and, from an employer's viewpoint, irresponsible behavior is a very logical

³²Labour Gazette, Vol. 4, 322.

³³Labour Gazette, Vol. 9, 405.

reason why employers have been alarmed by the spread of unionism to workers of lower status, and why demands for union "responsibility" are particularly vociferous at such times.³⁴ The problem can be exemplified by experience in the years 1917 and 1918, when many new members were added to the labour force and to union ranks, and unions in a number of cases struck for higher wages despite their existing agreements. In the case of the 1918 dispute between metal workers and their employees, which was the subject of a Manitoba Royal Commission, the workers failed to keep their undertaking that there would be no strike until the Commission reported.³⁵ The employers regarded this fact as proof of their contention that their employees did not regard collective agreements as binding, an important basis of their refusal to enter into an agreement - which refusal, in turn, was to be a central issue in 1919.

On the other hand, employers, and the courts, have never given due recognition to the spirit as distinct from the letter of agreements, and to the fact that workers typically care about the substance rather than the form. Wartime strikes in defiance of agreements, for instance, reflected the violation of one of the unstated premises (in workers' minds) of the agreements: namely, that price increases would not erode wages unduly. Violation of the unstated premise that the conditions of employment would not be altered unduly by technical or

³⁴For instance, this was demanded by the Canadian Manufacturers' Association in 1938. Labour Gazette, Vol. 38, 618.

³⁵Labour Gazette, Vol. 18, 604-610.

organizational innovations was not unknown, either, as a basis of disputes before 1939.

Still another complication, hindering the meeting of minds, is the double relationship of the union worker to his employer, both by individual and collective contract. The worker may be viewed as having, unlike the employer, a double chance: he is protected by the collective contract but, if market forces provide better opportunities elsewhere, he can withdraw from the contract as an individual. The record does not suggest that workers have benefited enormously from this: workers may feel that they need not a double but a quadruple chance to match the power and leverage of employers. However, the situation can produce difficult questions, such as whether all the persons covered by a collective agreement can quit their jobs as individuals. Despite a traditional repugnance for slavery, the courts have been inclined to say that they cannot. The employer, whose responsibility is reasonably clear and precisely located, is apt to consider that a union should be like an employer, delivering so many units of uniform quality at the agreed price, and no quibbling. If, however, the union is an association of people, reasonably democratic, in which the officers are the servants and not the masters of the members, it cannot in the nature of things give the guaranteed delivery that employers identify with responsibility. The concepts of contract law and business are not broad and flexible enough to deal with a great body of social relationships, including union relationships. This, too, contributed substantially to incomprehension before (and after) 1939.

With so many obstructions, it might appear that industrial relations would have to consist either of open warfare and revolution or subjugation beneath an iron heel. And there were times, like 1903 and 1919, when those did appear to be the only alternatives. Yet, most of the time, other relationships were common and progress was made. A pragmatic society suspended irreconcilable principles, or even forgot them, for the sake of immediate advantage.

There was, first of all, the continuation in the older provinces of established and comfortable relationships which had roots far back in the nineteenth century. They related to the protected and small-scale industry of earlier days but could be stretched to fit larger, but still protected, organizations. Their orientation was frequently paternal, and it was both morally correct and good business for an employer to display a consideration for employees which he would have resisted yielded by contract. Room had been carved out in the system for collective bargaining with units of well-behaved and respectful craftsmen. Unskilled employees typically exhibited that cheerful, unimaginative, rather child-like accommodation which seems to have been produced by the stable, predominantly rural, society of eastern Canada, and to a surprising extent can still be found there. Here and there, where ruthless new-style employers abused the faith of workers trained in the paternal system, new relationships would have to appear, but it is remarkable how long and patiently, with what ingrained reverence for employers and consciousness of their own duty

of obedient silence, workers put up with this treatment.³⁶ The system frequently allowed employers to pay rather lower wages than competitive forces would dictate, but they were supposed to make this up by various kinds of benevolence. The system rested, among other things, on the rarity of specialized qualifications and professional consciousness except among craftsmen. It rested, too, on the fact - or, at least belief - that employers were distinctly more fit to rule than those over whom they ruled. It was this background that dictated the extreme conservatism of eastern Canadian unionism up to the 1930's, that accommodated this unionism so readily to the attitudes of the craft unions of the American Federation of Labour (grounded in a somewhat similar background), and that prevented any real rapport with the workers of western Canada, decidedly different people in a different background.

The industrial relations system prevailing in eastern Canada was strongly supported, as it had been in the nineteenth century, by a common interest of employers and employees in protective tariffs. S. D. Clark, in his study of the Canadian Manufacturers' Association, has made clear how central this interest in protection was.³⁷ It prevented the C.M.A. from confronting unionism, as such, in anything

³⁶The change from paternal to ruthless profit-seeking and absentee employers in the eastern Canadian lumber industry is well described in (Joshua Fraser), Shanty, Forest and River Life in the Backwoods of Canada (Montreal, 1883), 316-319. Cf. also J. L. Gourlay, History of the Ottawa Valley (1896), 113.

³⁷Clark, Canadian Manufacturers' Association, 11-16 and passim.

like the fashion of the National Association of Manufacturers of the United States. Rather, in spite of the demands of many (small) members the job was fobbed off on other bodies. The reason was plain: the paramount task was "to win the support of labour organizations in the interests of tariff protection".³⁸ It is true that the Association became heavily involved in promoting immigration of workers up to 1908, a policy which Clark says was "disastrous to its attempt to establish friendly relationships with labour organizations".³⁹ But the general flow of immigrants was towards western Canada, where friendship neither was possible or mattered, and rapport in the east seems to have survived. Again, towards 1919, the Association was in the hands of "small agriculture-oriented" firms, "could not afford an enlightened policy in dealing with labour" and maintained a "militant attitude to trade unionism".⁴⁰ But the very fact that the dominant industrial interests had abandoned the Association indicates how important and how continuous the common interest in protection was. This relationship did nothing, of course, to promote good relations between eastern and western labour, but was rather another important basis of division and alienation.

To an extent the eastern system settled in the Canadian West along with eastern people - particularly in Manitoba. However the great lesson, if it needs repetition, is that new circumstances alter men and systems. Western industrial relations were very

³⁸ Ibid., 47.

³⁹ Ibid., 45.

⁴⁰ Ibid., 66.

different from eastern ones, but strikingly similar to those of the western United States - also alienated from its east. The western parallelism did not rest on Canadian importation of American union structures, though there was some, nor on the importation of American workers, though there was some of that too. It derived from the fact that similar pressures operated in the two countries.

Consider, first, the people. They came from many places, including eastern Canada, but they had little of that amiable submissiveness that pervaded the east. By self-selection they were hustlers - ambitious, daring, driving, relatively hard people who were made harder. Until Clifford Sifton began to empty central Europe into the prairies, the level of education, adaptability, and awareness was also very high - quite possibly the highest anywhere in the world. These people had come to improve their lot, they were willing to endure much to do so, and were not to be put off easily.

Employers in the west also had a ruthless quality, whether aggressive railway corporations, American mining operators, or the strange feudal Dunsmuir coal interests. The west was supposed to return them fortunes, and quick ones. The new conditions and prevailing mobility promoted an extreme impersonality of relationships. This was heightened by the large scale of many operations, and by a good deal of absentee ownership.

These hard, sharp patterns were bound to produce a good deal of friction, for instance, between employers and craft unions. The conditions after 1898 - tight labour markets and rising prices - also made for restless movement and clashes of interest. Unlike the east,

there was no issue tending to unite employers and employed - a common front against the east was made difficult by many things, including the eastern residence or connections of many employers. What really distinguished the western labour scene, however, was that here there was a real possibility of organizing non-craft workers into unions, and earnest efforts to do it. The workers were alert, hardy, somewhat reckless, and certainly not overawed. Conditions of employment often built up solidarity among them, while isolating them from other society - an important basis of western syndicalism. The frequent shortage of labour made unionism of the unskilled and semi-skilled much more practicable than it was in areas overflowing with cheap and timid labour. The conditions invited an industrial form of unionism, by which the bargaining power of skilled workers lent strength to the whole, instead of hindering others. Hence, from the United Brotherhood of Railway Employees to the One Big Union, an ardent industrial unionism characterized the west.

Employers, on the other hand, shared the general hostility of employers everywhere to unionism, and especially to the upstart unionism of non-craft workers. Much that employers did in the west seems a reflection of the campaigns against non-craft unionism that were being carried on at the same time in Britain and the United States: there was, for instance, a great flourishing of labour injunctions. And, as elsewhere, the intensity of employer feeling was certainly raised by the socialist proclivities of the unions involved. But, in addition to this, there was a special ruthlessness of western employers, perhaps appropriate to stark relationships in a

land without traditions. Underlying it all was a failure to command respect: an indisposition of a labour force which contained many talented persons to concede that their employers were more fit than others to exercise authority. In many cases, the employers were not. The narrowing of the differential level of capacity as between employer and employed which was occurring everywhere in this period reached its narrowest in the West.

This harsh cleavage, between employer and employed and between East and West, was the main feature of Canadian labour relations before 1920. But it was not the only feature. Employers did advance in sophistication, and various among them tried new approaches. It has to be said that employer enlightenment was a great deal more evident after a thorough scare by militant labour movements with revolutionary overtones (after 1903 and after 1918) than any other times. No matter how offensive these movements were to employers, no matter how harshly and conclusively they were put down, they accomplished far more than decades of quiet persuasion, and cannot be counted as failures. It can also be said that the innovations in labour relations that appeared were not exercises in philanthropy, but stratagems of self-interest, as the employers concerned often pointed out very plainly themselves. However, enlightened self-interest can be very useful.

Employer Attitudes to 1920 - One of the commonest devices by which employers sought to mitigate the sharp cleavage between employers and employed was profit-sharing. It is, indeed, an ambiguous device with various forms and possibilities, often backward rather than forward looking. It has overtones of the partnership or cooperative

devices by which, in the infancy of capitalism, workers were induced to take their returns from enterprises as shares of profits, rather than wages. In these enterprises, as in producer co-operatives, workers also had a considerable voice in management - a point not recalled in the profit-sharing schemes of twentieth-century employers. These schemes, nevertheless, were more workable than another ancient and rather similar device - sliding scales of wages that fluctuated with prices or profits. Sliding scales were fastened on at least some unfortunate Canadian workers: for example, on the employees of Consolidated Mining and Smelting, about 1907, over their bitter opposition.⁴¹

The more usual provision of a share in profits in addition to wages appeared with some frequency in the early years of the twentieth century, and again during the troubled years at the end of the First World War. This may, indeed, have softened attitudes and diminished the alienation felt by workers. But, insofar as their purpose was to make workers think like capitalists and venerate profits, it is doubtful that the schemes succeeded. And, as devices inspired by a commercial outlook that attempted to shift the risks of business to the shoulders of workers, profit-sharing schemes had still less success. The experience of the British Columbia Electric Railway Company throws a useful light on this subject.

⁴¹Labour Gazette, Vol. 40, 959.

In 1903 this Company had a profit-sharing scheme - apparently popular - and industrial relations that appear to have been remarkably good. Profit-sharing was ended in 1910, however, because a majority of the men (notably, new men) preferred higher wages. By 1913, good relations had disappeared. A rapid growth of the labour force and of impersonal relationships played a part, but a deterioration of personnel management may be suspected, and the termination of profit-sharing as a sign of it. The issue in a 1918 confrontation between the Company and its employees was profit-sharing in reverse: whether the Company was entitled to deny wage increases because its profits were unsatisfactory. The Board that heard this case said that the Company should assume its own risks if it was to claim the profits, and not try to pass them on to the wage-earners.⁴² The viewpoint thus expressed was an unusual one: Canadian Royal Commissions and Conciliation Boards have been monotonously consistent in counselling workers that they must accommodate themselves to the "ability to pay" of their employers. However, the logic of the position of this 1918 Board may have been increasingly accepted by alert employers. At any rate, though some firms responded to the rising price levels of the First World War period by instituting profit-sharing, many others (and generally, one thinks, the best-managed) chose the more precise, less question-begging device of declaring bonuses.

⁴²Labour Gazette, Vol. 3, 561; Vol. 13, 270-280; Vol. 18, 578.

A second area of employer initiative was in establishing pension plans. The C.P.R. did so in 1903, and a number of firms in 1907-8, stimulated in part by governments which were becoming interested in pensions. By 1909, the C.P.R. had expanded its welfare activity to include such diverse benefits as educational classes and dining facilities, and reported forthrightly that it found welfare a paying proposition.⁴³

Another notable area of self-interested welfare was house-building by firms for the benefit of their employees, which occurred whenever housing shortages made it difficult to attract suitable workmen. For instance, Westinghouse undertook to build 300 houses for its workers in Hamilton in 1905.⁴⁴ There was more such building in 1919, when government support was offered.

The progress of Workmen's Compensation, much discussed up to 1914 when Ontario established the first modern system in Canada, throws light on the development of employer thinking. Even at the beginning of the century, employers did not oppose accident compensation with the vehemence applied to other welfare measures. However, the tendency until about 1907 was to be little concerned with industrial accidents, and to oppose improvement of the limited compensation laws which then existed. After 1907, there was a change, a willingness to think constructively of a better compensation system,

⁴³Labour Gazette, Vol. 10, 488.

⁴⁴Labour Gazette, Vol. 6, 261.

stimulated certainly by appreciation of the legal liabilities to which employers were exposed, but showing awareness as well of the injustice and inefficiency of the existing provisions. Employers were openly advocating improvement by 1909 and 1910, and the revolutionary Ontario act of 1914 was passed with the general (though not uncritical) support of the Canadian Manufacturers' Association.⁴⁵

The events and tensions of 1917-1920 had very noticeable effects on employer attitudes. Some of these effects, as in the Winnipeg General Strike, were in the direction of re-affirming and intensifying class war. At most times in this period, however, the actions manifested a heightened awareness of the disabilities and strong feelings of workers (an awareness too, no doubt, that labour was scarce), and a desire to remove some of the causes of discontent and to persuade workers that employers cared about their welfare. Some of the remedies that were widely used are familiar ones, like profit-sharing and pension plans. But the device used most extensively was also a novel one: the joint worker-management council.⁴⁶

The joint-council movement did not, of course, represent an acceptance of unions and collective bargaining, but a way to reject them. Even in the tense year, 1919, the employers who attended an industrial relations conference organized by the Canadian government, though expressing remarkably liberal views on many subjects (in all

⁴⁵Labour Gazette, Vol. 9, 870; 13, 450; 15.

⁴⁶Labour Gazette, Vol. 19, 46, 440, 502.

probability they were unusually advanced employers), made it clear to the union representatives that they believed in the open shop.⁴⁷ The proliferation of joint-councils indicated, nevertheless, a new appreciation by employers that their communications with workers had been sadly defective, that the labour they bought consisted of people rather than discrete hours of time of faceless strangers, and that a continuous friendly relationship between employer and workers was desirable from the viewpoint of efficiency (a specific purpose of the joint-council system established by Imperial Oil, one of the largest, was to reduce an excessive turnover of labour). At another conference in 1921, spokesmen for firms that had established joint-councils reported very favorably on them, noting that many difficulties had been amicably resolved by them.⁴⁸

It is important to notice which firms initiated joint-councils and subsequently found them (from the employers' viewpoint) beneficial. Predominantly, they were very large firms (i.e. with many employees) - the sort of firms that at this time had abandoned the Canadian Manufacturers' Association to small and (Clark says) agriculture-oriented employers. They were also, to a disproportionate extent, American-owned firms. The development of works-committees and joint-councils may, then, have reflected the fondness of American business

⁴⁷Labour Gazette, Vol. 19, 1177-1181.

⁴⁸Labour Gazette, Vol. 21, 485.

for the open shop and the company union. But there seems to have been a much more important foundation for the joint-council development: with rare exceptions, the firms that formed joint-councils and reported success with them were ones which, by 1919, possessed a professional management.

The distinction between "employer" and "management", which it is the fashion to slide over, is a crucial one for some purposes. An "employer", in the old-fashioned personal sense, is apt to regard the company (frequently the employees also) as his personal property. He is temperamentally ill-suited to carry on ceremonies that imply that workers have some right to judge his conduct of "his" property and question his sole authority over it. Professional managers, on the other hand, if only because they are employees themselves, can be more detached, can more readily appreciate the advantages of good communication in an on-going concern divorced from the life-cycle of any particular individual, and are better equipped for the work of getting joint-councils established and making them operate. It is significant that joint-councils were particularly devised for, and flourished in, a British civil service in which "management" was part of the bureaucracy. It is significant also that management had developed in the Canadian firms with joint-councils to the point that many of them were represented at the 1921 conference by their "Industrial Relations" officers. And, in contrast to their reports of success, it is significant that the Canadian Association of Builders recommended discontinuance of joint councils in 1922. The members of this Association had been unable to agree with the unions about the basic principles that should be applied in dealing with industrial

questions.⁴⁹ Behind this inability, it may be suspected, was a preponderance of employers as distinct from professional managers in the Builders' Association. Another distinction between those who operated joint-councils and those who rejected them is that the former thought like industrialists, and took a long view, while the latter preserved more of the short-term attitudes of the merchant and speculator.

The Winnipeg General Strike - Cutting across (and specifying the limits on) the employer accommodation brought out by the tensions of 1917-1920 was the Winnipeg General Strike and phenomena associated with it - sympathy strikes of 1919 across western Canada and the rise and fall of the One Big Union.

The issue of the Winnipeg General Strike was whether employers would bargain collectively with their employees, not just through committees of "their own" employees (with which the employers in question had agreed to negotiate), but through union organizations chosen by the workers themselves. Behind this issue stood, however, a much deeper one, of which the background was sketched earlier. This issue was whether or not the near-absolute authority of property-owners and employers should continue to prevail much as it had done for centuries, modified only by the paternalistic permissiveness of more liberal employers - which could include consultation or even negotiation with employee representatives but not with "outside" organizations

⁴⁹Labour Gazette, Vol. 22, 192.

and not under the duress of strike threats. The issue, as also pointed out earlier, had become especially acute in the early twentieth-century, and in western Canada most of all, because the gap in capacity between those who presumed to exercise authority and those subject to it had narrowed dangerously. The employers' claim to unquestioned command, except by reliance on state power, faced a "credibility gap".

The militancy and radicalism of wage-earners which reached its crescendo in 1919 played a double role in the industrial relations crisis of that year. On the one hand, it undoubtedly antagonized and alienated many employers and, probably still more, agrarian and mercantile groups with traditional views of the proper place to be occupied by employees. On the other hand, it is unrealistic to imagine that employers would ever have made the concessions they did make, or even have bothered much about industrial relations at all, if a militant and radical labour movement had not existed. Moreover, if the state had maintained neutrality - and 1919 is almost the only occasion on which the Canadian government has intervened in industrial relations in a massive and crushing manner - it seems rather likely that the metal trades employers of Winnipeg would have conceded collective bargaining, establishing an important precedent. Indeed, it also seems likely that the state's intervention in the Winnipeg General Strike, and the timing of it, were dictated precisely by determination to forestall the concession of collective bargaining, to which many powerful influences in Canada were opposed.

The ground used for arresting and prosecuting the Winnipeg strike leaders and putting down the Strike was that it constituted a conspiracy to overthrow the government. Considerable historical scholarship has gone into demonstrating that the Winnipeg strikers behaved like ordinary - indeed, highly responsible - unionists, that the Strike did not threaten anything except the open shop, and probably few now believe the conspiracy theory.⁵⁰ On the other hand, it is important that a great many people at the time were persuaded that the Winnipeg General Strike amounted to an assault on all authority. Some of these deserve a further comment.

The citizens of South Winnipeg with their guilt-ridden hysteria deserve first notice. They had contributed their sons to the war at least as freely as anyone else, and had seen no inconsistency - at first, anyway - in acquiring easy war profits and displaying ostentatious signs of them. They could not concede that conscription of wealth should precede conscription of men, or have anything to do with it. The purpose of fighting the war was to uphold their way of life, and if private property was not to remain sacred, why should it be fought at all? But, as the war became more grim, questions of equality of sacrifice became harder to evade, and self-doubt more common. The ferocious and indiscriminate reaction of this group to the General Strike must be seen as the glad, vengeful cry of those who have found a scapegoat in whose destruction their own sins will be washed away.

⁵⁰Notably, D. C. Masters, The Winnipeg General Strike (Toronto, 1950); Kenneth McNaught, A Prophet in Politics (Toronto, 1959).

Then, the farmers. Farmers and wage-earners have often shared a common suspicion of "the interests". During the First World War they found a more immediate basis of unity, a common opposition to conscription. Supporting this unity was the passion for progressive causes - public ownership of utilities, votes for women, better schools, and other worthy objectives - exhibited by the farm population up to 1918. The importance of the 1919 strikes, in this connection, is that the most conservative farmers - those who saw no connection between themselves and wage-earners but identified their interests with those of other property-owning classes - were able to trumpet the faults of organized labour and to seize control of farmers' movements. The result was to launch the Progressive Party under leadership of those farmers who were most opposed to progress. The dreary record of the 1920's owes a good deal to this denouement, and to the forces that produced it.

The federal ministers who dealt with the Winnipeg General Strike also merit attention: Arthur Meighen and Gideon Robertson. Meighen was by far the most able, capable both of remorseless analysis and decisive action, and architect of the defeat of the Strike. It is difficult to believe that so lucid a thinker as Meighen could put credit in his own charge, that the Strike was a conspiracy to overthrow the government. On the other hand, Meighen understood very well that an assault was in progress on the traditional authority of employers over employees - an authority which Meighen certainly upheld. He followed through the logic of the syndicalist general strike - as syndicalists scarcely ever did - to perceive that its end,

if it was to be meaningful, must be the overthrow of existing authority. Attributing his own logic to the strikers, he accused them of treason, though they had no such idea. Meighen must have appreciated the weaknesses of the labour position: the undue optimism and cockiness generated by a deceptively-easy victory in 1918 and a lot of loose talk; the vulnerability of general strikers who would not, in fact, attempt to usurp constituted authority. Like employers, Meighen made a good deal out of charges that workers did not deserve union contracts, because they failed to live up to them -- many of those on strike in 1919 (and other times) were defying the agreements into which they had entered. Many workers, indeed, displayed an indifferent foggiess towards their obligations - a provocation to employers and, beyond some point, a justification for arbitrary exercise of authority by them (though the same employers are often pleased to take advantage of the same foggiess among both workers and consumers). On the other hand, though most employers (and courts) refuse to recognize it, employees who violate their contracts to employers are often responding to an imperative social obligation to their fellow-workers. If Meighen understood this, his demand nevertheless was that workmen conform to commercial morality.

The other minister directly involved in the Strike was the Minister of Labour, Gideon Robertson. A trade unionist, it might have been supposed that he would have a sympathetic understanding of the strikers' position. But the unionism he knew was far removed from that of western radicals and his role, almost openly, was that of an agent of international unionism devoted to the destruction of dual unions. More broadly, he represented the determination of a

more conservative eastern Canada to bring the west to heel. In this endeavor, the easter-centred international craft unions played a most active part. A toleration of advocates of industrial unionism had existed in the Trades and Labour Congress until about 1912, but the hold of A.F.L. unions and their viewpoints tightened noticeably thereafter. Resolutions favorable to industrial unionism, pressed more and more vehemently by western representatives, met increasingly brusque rejection up to 1918. The dominant elements simply refused to contemplate the problems of the west. This doctrinaire attitude was responsible for the withdrawal of the western unionists and the formation of the One Big Union. It should be noted that many unskilled workers had by 1919 become members of quasi-industrial unions in eastern Canada, and enough eastern leaders shared enough views with the western unionists that a massive eastern labour revolt - against employers and against A.F.L. orthodoxy - was by no means out of the question. However, orthodoxy was able to suppress most of the potential explosions in the east, and it then set out with great energy to sabotage the new western unions and the strikes connected loosely with them. Robertson's task was to ensure that the western radicals would not have the prestige of a strike victory.

The importance of these facets of the 1919 crisis lie in what they tell about the basic forces in Canadian society, and in their portent of the shape of events in the 1920's. Not only employers and the state but the dominant craft unions and, in the end, spokesmen for farmers, were determined to preserve the familiar industrial relations system of eastern Canada (and the eastern United States).

The authority of employers and the institutional assumptions behind it were to be protected from challenge. Wage-earners who were not craftsmen might benefit from judicious paternalism, but would not be allowed to contest the employers' authority by forming effective unions and bargaining collectively. The aberrant West would be forced also to conform to this pattern.

The craft unions' strategy in this conformation, by no means a new one, was to win employer acceptance (or toleration) of themselves by demonstrating their devotion to the established structure and, particularly, their value to the employer by their vigilant opposition to every manifestation of industrial or radical unionism - if the two characteristics did not appear together, they were forced together. The price sought for this loyalty was recognition of craft unionism as a junior partner of management - a pay-off frustrated in the 1920's because employers found the existing unionism so weak that it was not worth bothering with.⁵¹ That is, the prevalence of radical unionism had led craft unionism, in following its traditional policies, to overplay its hand in 1919. But the strategy does provide part of the explanation for a phenomenon that has been held to be curious - the stagnation of unionism through the 1920's despite the high level of employment after 1923.

⁵¹The timidity and ineffectiveness of craft unionism in respect to non-craft employments and the contempt of employers appears, for example, in Sidney Fine, "The Origins of the United Automobile Workers, 1933-1935", Journal of Economic History, Sept. 1958, 249-282.

The other side of the explanation was the exhaustion of Western Canada, which almost alone had launched the challenge of industrial and radical unionism. The remarkable pre-war movement was broken by the combined opposition forces mobilized in 1919-1920 and the depression of 1921. Its foundation, in any case, was already being sapped, for the technical calibre of employers was going up, and that of workers - on average - was almost certainly going down. Thenceforward a pall hung over the West - its economy after 1921 might not deserve to be called depressed, but it fell far short of the exhilaration of earlier decades. This was particularly true of the Prairie Provinces, characterized by retarded rates of economic growth, greater availability of labour than hitherto, wage rates and average incomes that were declining relative to other regions, and parsimonious provincial governments (it is hard to say of any of these whether it was more cause or effect). British Columbia suffered less, probably in part because unionism was able to maintain itself much better there, but its relative wage and income level also declined. The regional beneficiary of these income changes was Ontario.⁵²

⁵²See R. M. McInnis, "The Trend of Regional Income Differentials in Canada", a paper presented at meetings of the Canadian Political Science Association, June, 1967. The essence of his findings is that British Columbia income per capita declined very drastically from being about 85% above the Canadian average in 1910-11 to a position 20-25% above by the 1920's and even below Ontario from about 1950. Similarly, Prairie incomes declined from 25% above the Canadian average in 1910-11 (and like B.C. with a still greater differential previously though McInnis does not investigate this), to a position about 10% above average in the 1920's and below or at the average in subsequent decades. The beneficiary of this regional shift in Canadian incomes has been Ontario - barely above the Canadian average in 1910-11 but 20% above the average since the 1920's. The position of Quebec and the Maritime Provinces has not changed substantially from 1910-11 to the 1960's. The explanation of income differentials provided by the Economic Council of Canada (inadequate education, Second Annual Review, Ch. 4), is plausible for provinces east of Ontario but not for those west of it.

The Unions

The trades, labour, and industrial unions of the early part of the twentieth century represented only a small part (between 10% and 15%) of Canada's wage-earners and a still smaller proportion (6% to 7%) of the "gainfully employed." Nevertheless, whether viewed as the active and articulate vanguard of the working class or as a troublesome portion of the wage-earners who disturbed normal procedures and challenged traditional authority, they were an important element of the society and economy. Perhaps they were most important as a standing reminder that traditional employee subservience and an impersonal capitalistic labour market no longer constituted - if they ever had - a real solution to the problem of industrial relations.

Some aspects of this unionism have been reviewed in the discussion of earlier topics. However, the evolution of union structure and outlook remains to be noticed. The central fact of this evolution is that a narrow craft unionism, entrenched in the Trades and Labour Congress of Canada and based in the American Federation of Labour, resisted all efforts to establish industrial unionism - thereby maintaining a chronic division of Canadian unionism and delaying the growth of effective unionism in some sectors of the economy. This central problem of unionism was connected, but in a loose and variable way, with the difference in conditions and outlook of eastern and western Canada, and with the phenomena of "socialism," "reformism," "business unionism," "national" and "international" unionism. The purpose of this section is to sort out the forces that shaped Canadian unionism up

to 1920. Its relationship to political parties and the state will be considered in the succeeding section.

The Industrial and Geographic Distribution of Canadian Unions

As an accompanying table indicates, Canadian unionism in the early part of the twentieth century was heavily concentrated in transportation (especially railroad) employments, in construction, and in mining. As compared with more recent times, unionism was less significant in service employments and in manufacturing except for certain enclaves occupied by clothing and footwear, printing, and metal trades.

The geographical distribution of union growth is rather more informative, especially as it demonstrates the relative union weight in the four western provinces as against the others. The data showing this distribution is in terms of union locals rather than members, but in some ways this is the most useful evidence, and before 1911 it is the only evidence.⁵³

⁵³ There has been a marked reluctance in the literature of labour unionism to pay attention to numbers of union locals, and a correlative preoccupation with alleged numbers of members. (Historical Statistics of Canada fails to show any data on unions before the familiar figures on membership starting with 1911). One thinks that Dr. Coats, who emphasized locals rather than members, had a much sounder instinct of what was important, as well as familiarity with the Canadian labour scene. For one thing, the existence of a local is a much more exact fact than the alleged membership - and the estimation of total membership figures after 1910 was patently guesswork with a high probability of error. For another thing, a union local has a weight in central union organizations that is relatively independent of its membership. It may be added that even figures for numbers of local unions in existence are very chancy: cf. the figures reported by the July, 1903 survey which appear to be wildly out of line, especially for Ontario.

The great upsurge of unionism from 1898 to 1903 affected all regions, probably the West most of all, but it seems clearly to have stimulated substantial growth in Ontario, already the preponderant centre of Canadian unionism. This result is consistent with a rapid growth of craft employment at a time when rationalization of Canadian industry to introduce "mass production" was just getting underway. Ontario accounted for more than half of all local unions in Canada in 1902 and 1903.

After 1903, the tendency of unionism in eastern Canada is clearly to stagnate. The Ontario proportion dropped off to 40% of the whole (though it retained this proportion with remarkable exactness from 1909 to 1918). The Quebec showing was even less impressive after 1907. These results were not just a matter of a buoyant West increasing its weight, but of a genuine incapacity of unionism to expand in eastern Canada except in a few very favorable years. The showing is in keeping with the divided and confused state of the labour movement after 1902, the ability of the A.F. of L. unions to hamper the development of "dual" industrial unions in eastern Canada, and the massive alienation of Quebec workers accomplished in 1902 and never afterwards overcome.

The counterpart of these phenomena was that the growth of Canadian unionism after 1903 was heavily concentrated in western Canada--notwithstanding the belief of many western workers that the conservatism of the east imposed great obstacles in the way of their development. The simplest way to demonstrate this difference is in terms of net absolute gain of locals.

ABSOLUTE GAIN IN LOCAL UNIONS

	Four Western Provinces	Eastern Canada
1904	20	24
1905	13	-11
1906	44	29
1907	47	111
1908	51	56
1909	42	39
1910	25	-20
1911	63	29
1912	79	79
1913	49	85
1914	-34	22
1915	-46	-72
1916	-21	-16
1917	56	70
1918	93	200
1919	1	401
1920	12	68
1921	-11	-216
1922	-6	-100
1923	-3	-21
1924	2	-57
1925	42	11

The population of the four western provinces was about 11% of the Canadian total in 1901, 24% in 1911, and 28% in 1921. Yet, up until 1912 or 1913, these provinces produced by far the greatest amount of union growth proportionally, and even the most absolutely. By about 1912, therefore, these provinces had increased their proportion of Canada's union locals from a little over 20% in 1903 to 35%. They appear to have had an appropriate consciousness of being at the centre of union activity, and their action in putting a resolution expressing strong preference for industrial unionism through the 1911 convention of the Trades and Labour Congress is not merely a reflection of increasing western numbers. The tone of the resolution also breathes condescension and exasperation towards the ignorant and unenterprising unionists of the east who neglected the obvious way to make labour stronger.⁵⁴

On the other hand, the attitude of mind with which industrial unionism had to contend was manifested even at the 1911 convention, which felt it necessary to pass another resolution specifying that its endorsement of industrial unionism was not to be taken as an endorsement of the Industrial Workers of the World. Measures taken by the 1912 T.L.C. convention to escape from the industrial union resolution, and subsequent steps of the A.F. of L. craft unions to tighten their stranglehold on the Canadian Congress are noted elsewhere. What is relevant here is the bearing on this of geographical union strength.

The fact is that the west and its unions suffered more than the east in the depression of 1913-1916; and in the upsurge of wartime

⁵⁴Labour Gazette, Vol. 12, p. 344; Logan, Trade Unions in Canada, pp. 356-358.

activity of 1917 and after, the east and its unions benefited as much as the west. The consequence was that the weight of western unionism, rather than continuing to grow, declined marginally after 1913, though it hovered at about one-third of the Canadian total.

It follows, then, that while the 1911 call of the western unionists for industrial unionism was a self-confident expression of strength, the western demands for industrial unionism at the 1918 convention of the T.L.C. reflected weakness. In 1911, the westerners were lecturing the east on how to catch up. In 1918 they were desperately searching for the means to recover their lost momentum - it was now the west more than the east that they wanted to save. By the same token, now that western growth had ceased to be exceptional so that western unionism was stuck at one-third of the total, conservative eastern labour spokesmen were in a position to reject summarily the 1918 call for industrial unionism.⁵⁵

However, there was an unknown factor in the situation of 1918-1919: the growth of militancy in the east as well as the west. It had a relationship, though one impossible to specify exactly, with the unionization of previously unorganized eastern workers for whom industrial unionism was very suitable. There was a considerable possibility, therefore, that the radical western unionists could carry a substantial

⁵⁵ It was eastern, not western Canadian unionism that benefited primarily from wartime growth after 1916, and Ontario, in particular. Organization raised the Ontario proportion of Canadian unionism to 45% in 1919-1902 (whereas the west was losing locals in 1919). On the other hand, union decline after 1920 also affected primarily Ontario and the East, and had much less effect on the more solid western unionism, which gradually became again about one-third of the total of Canadian union locals, while the Ontario proportion declined somewhat.

number of eastern unionists with them into a new organization. As it turned out, the bulk of eastern unionists were held in line; but the decision was probably a closer one than most accounts suggest, and to the not insignificant extent that it depended on the outcome of the Winnipeg General Strike, the anxiety of many interests to crush that Strike is more readily explained.

The Forms of Unionism and their Relationship to Union Distribution

Craft Unions - It is familiar that the craft form of unionism flourished and survived best in the early period of industrial capitalism, and this was still the usual situation in Canada at the beginning of the twentieth century. This phenomenon reflected the real advantages of craft unionism in appropriate contexts. But, as changes in industrial structure created less suitable conditions, the supremacy of craft unionism increasingly reflected instead the advantage (or pseudo-advantage) of retaining a form that was familiar and accepted even when a different (industrial) form would have been preferable from a functional point of view.

The construction trades, representing one of the oldest union traditions, illustrate the advantages of the craft conception of unionism, and have probably contributed more than any others to maintaining them. Moving from one employer to another at short intervals, as construction workers commonly do, the union provides the one fixed base in the worker's life. At the same time, by giving a permanent structure to the temporary labour forces of a large number of employers of every description, it introduces an element of order into the general chaos of the industry. Behind these facts lies the nature of the

industry itself. Notoriously slow to adopt new methods, it has remained a conglomeration of diverse employers, many of them small and many of them transitory. Yet the industry as a whole is a large-scale operation marked by exceptionally impersonal relationships. In other words, construction has remained the kind of early capitalist industry which produced craft unionism in the first place.

So long as other industries were also full of small employers and the skill of craft workers was the principal asset in which they dealt, craft unionism remained appropriate for other industries also. And a population which assumed that industrial organization was of this type - even long after the structure had been drastically changed in practice - clung to the idea that employments (if of any importance) must constitute a craft. In such an environment, it was natural that workers with indefinite skills should impute craft skills to themselves and appear as pseudo-crafts, if they could find some basis for doing so. Particularly so as others, including employers, showed willingness to accept very transparent imputations of this type. That is, the typical conception of a well-ordered world was one in which employments fell into craft categories, and the majority united to force this conception on the facts.

The consequence was, and still is, a good deal of pseudo-craft unionism. It developed in two ways from an original scarcity and strategic position of some groups of workers. One way, typified by miners' unions, is the imputation of craftsmanship to workers associated with possessors of a genuine craft - in this case, the miners themselves.

It is true that miners' unions have nearly always been industrial unions, have typically behaved as industrial unions, and are now recognized primarily as industrial unions. But, in an age insistent on craft structure, the same unions were often regarded as unions of miner-craftsmen - sliding over the mineworkers who did not fit into this concept.

The other and more general origin of pseudo-craft unionism pertains to employments which require no precise skill except by work experience, but have at some time occupied a strategic position. The development of transportation has been singularly prolific in producing such groups: sailors, bargemen, longshoremen, railway enginemen and trainmen, bus and truck drivers. It has been the case with each of these, first, that at some time persons possessing their kind of work experience (their "skill") have been scarce; second, that a refusal of all possessors of the skill to work would impose heavy costs on others. The world was the readier to translate this strategic position into an imputed skill inasmuch as work experience was until recently the accepted way of acquiring most types of expertness, and occupational names (farmer, fisherman, real estate agent) commonly imply a degree of skill derived from experience. It was not difficult, then, for "craft" unions of longshoremen, trainmen, and so forth, to fit themselves into a craft structure.

Craft structure was reinforced also in the early twentieth century by the preference and pressure of employers. For instance, in 1903 the Canadian Pacific Railway expressed as a reason (among others) for

refusing to recognize the United Brotherhood of Railway Employees that it preferred trades unions.⁵⁶ There are a number of possible reasons why employers might (or might not) prefer craft unions, but the essential reason at this time appears to have been that employers were reconciled to unionization of their craft workers, but expected to be able to keep other workers unorganized. This attitude necessarily affected the progress of the various union forms, as well as constituting an invitation to workers to affect a craft form, and to craft unions to side with employers rather than other workers organized in industrial unions.

Labour Unions - Despite its readiness to attribute a craft skill to occupational groups with distinctive names, Canadian society - like others of its type - has regarded the large occupational group called "labourers" in a very different light. The sharp segregation of labourers in European societies rests on customary (originally, legal) disabilities, on the weak bargaining power possessed by this group, and on non-recognition as skills of the ubiquitous capacities of the labourer. The usual expectation, and the usual fact, has been that labourers would remain unorganized workers dependent on the dubious forces of the market and the occasional generosity of employers.

Nevertheless, a craft conception of unionism allowed for, and even required, a conception of "labour" unions to provide for all those workers excluded by a craft definition. And a certain number of labour unions did develop in Canada, especially among labourers associated with

⁵⁶Labour Gazette, Vol. 4, p. 81.

craftsmen and pseudo-craftsmen. Some, indeed, improved their position by finding a pseudo-craft name for themselves.

There was, for instance, the union of railway trackmen, later "maintenance of way" employees, whose strike against the Canadian Pacific Railway in 1901 appears to have been the major stimulus of the Railway Labour Disputes Act of 1903.⁵⁷ Labourers' unions have a long history, also, in the construction industry; and when they could find a name like "hod-carriers," they acquired something of the pretension of a craft. A third area in which labour unions had a chance of appearing and surviving was among city employees. As these locations illustrate, the success of labour unions depended on the potential support of fellow craft-workers, and/or on a greater than usual tolerance of unions on the part of employers. On the whole, "general" labour unions failed in Canada to achieve the success and industrial form which characterized them in Britain.

Industrial Unions - The role of labour unions, if limited, was at least straightforward from the viewpoint of 1900, and not in conflict with craft unionism. In practice, labour unions rarely conflicted with industrial unions either; but this was essentially because of the general failure of labourers and workers without a specific craft to achieve organization under the labour union form: it was this ineffectiveness precisely that provided a good deal of the impetus for the appearance of

⁵⁷ e.g., F. R. Anton, The Role of Government in the Settlement of Industrial Disputes in Canada (1962), p. 66; W. Steward Martin, "A Study of Legislation Designed to Foster Industrial Peace in the Common Law Jurisdiction of Canada" (Ph.D. thesis, Toronto, 1954), p. 171 ff.

industrial unions. On the other hand, a chronic conflict between the craft and industrial approaches to unionism has been a striking feature of the Canadian and North American scene, and a unique one in respect to its length and vehemence.

It was to be expected that craft unionism would be the first kind well established in Canada, and that hermaphroditic unions would emphasize the craft side of their personalities in earlier times. It was inevitable, too, that the alternative claims of craft and industrial forms would impose strains on workers and on existing union structures - the same has been true in other countries. But what has not been true of most countries, and therefore needs to be explained, is the interminable length and fanaticism of the battle to hold back industrial unionism in Canada. It needs to be explained because, so far as one can guess how history would have turned out under other circumstances, its influence has been profound. It delayed the effective unionization of large segments of the Canadian labour force by many - the writer would guess at least twenty - years, weakened the whole development of organizations to present the claims of workers, and thereby hampered the evolution of mature attitudes among employers and a balanced set of forces within the industrial relations system.

One effect of the hostility to industrial unionism was that substantial numbers of organized workers were hindered from developing the industrial form that would have been most suitable to their situation. An outstanding example is railroad unionism, which constituted a quarter or more of all Canadian unionism up to the Second World War.

Given the monolithic character of railroads, the enormous power of their managements, the diversity and indefinite skills of their employees, the advantage of an industrial form of organization was bound to recommend itself recurrently. The success of the Knights of Labour in Canada after 1880 owed much to its suitability as a form of industrial unionism for railway workers. Between 1901 and 1903 the United Brotherhood of Railway Employees again attempted an industrial organization of railroad workers, which obviously won the approval of a great many of them, and was defeated only by the combined efforts of railway employers and craft unions. An increasing share of railroad employment in the twentieth century was in western Canada, where conditions recommended an industrial form of unionism to workers almost without their thinking about it, and the One Big Union of 1919 represented, among other things, still another effort to establish this form. The suitability of industrial unionism for railway workers was illustrated by the survival and health of the Canadian Brotherhood of Railway Employees. It has been illustrated, too, by the joint committees and joint bargaining by which railroad unions have sought to overcome their divisions for the purpose of bargaining collectively with their employers. The multiplication of unions appears to have been recognized as a burden also, for a considerable time now, by railroad employers. Yet, as a heritage of our peculiar past, it remains.

Greater sufferers from antagonism to industrial unionism have been workers in other industries - notably in large-scale manufacturing - that have been left generally unorganized. Craft workers in large manufacturing firms were sometimes organized in the early part of the

century, but they tended to pursue their particular craft interests without regard for others, and were frequently defeated by employers aided by the detachment of their fellow-workers. The expansion of employment of World War One opened a broader prospect for mass unionism, but it was typically channeled into a bastard form of industrial unionism - a Class B membership in a craft union - which was not very suitable and failed generally to survive. In fact, attempts at industrial organization rarely produced a permanent union before the 1930's. This lack of success was owing, among other things, to the hostility of existing craft unions, and it is this hostility that appears to have made the crucial difference between the experience of Canada and of European countries. The point may be pursued in terms of the British and contrasting American cases.

The development of unionism displayed remarkable similarities in Britain, the United States, and Canada up to the 1880's, when a vigorous industrial unionism sprang up in all these countries to supplement the existing craft unionism. And in each country the appearance of a substantial unionism among non-craft workers produced a sustained counter-offensive of employers, which was particularly ferocious in Britain and the United States.⁵⁸ Its effects, however, were to prove strikingly different in the various countries.

Britain

In Britain - as elsewhere - the established craft unions appear to

⁵⁸ John Saville, "Trade Unions and Free Labour: The Background to the Taff Vale Decision" in A. Briggs and J. Saville (eds.), Essays in Labour History (London, 1960).

have viewed the industrial union upstarts with a good deal of aristocratic suspicion and reserve. But no direct conflict resulted. This was due in good part to the intelligence displayed by the socialists who were more or less prominent in the formation and leadership of the new unions.⁵⁹ They were not hostile to the old unions, as such, but they pointed out that the concentration of industry then in progress threatened all labour, and craftsmen in particular. Their solution to the problem - concerted action by the working class - offered a lead to craft unionists, and a good many of them may have concluded before 1902 that their interests lay in a common front of workers, and not in a united front with employers against the industrial unions. The Taff Vale decision consolidated this unity of labour interest very effectively. But while events like Taff Vale had their place, a certain British sense of proportion and conception of the general welfare (which has also been apparent in Canada) was also involved in this outcome. Even though Britain is reputed to be the classic home of laissez-faire, its people have usually displayed an undoctrinaire pragmatism, even a good deal of medieval wholeness in dealing with their problems - in contrast to the self-interested syndicalism that developed in the United States.

The United States

The United States, though its history had started out in much the same way, was to travel a very different road. Its craft union

⁵⁹ See E. J. Hobsbawm, "Trade Union History" (review article), Economic History Review, Aug., 1967, pp. 358-364.

federation, the American Federation of Labour, was born in 1886 out of a fierce battle with the Knights of Labour.⁶⁰ It would be fair to say that the battle was largely instigated by the Knights, puffed up by arrogance in 1886, and insistent that unionism conform to its industrial (more exactly, geographic) organization and support its vague ideological goal of abolishing the wage system. Every one of the main tenets of the A. F. of L., to be held with a tenacity and intolerance even greater than that of the Knights, seems to come out of the struggle of the 1880's. As against the fuzzy and backward-looking ideology of the Knights, the Federation stood for pragmatic business unionism in an accepted wage system. Whereas the Knights promoted centralization (on paper), the A.F. of L. stood unalterably for union autonomy. And, in place of the industrial and geographic unionism of the Knights, the A. F. of L. insisted on craft unions. What it did take from the Knights was intolerance - a fanatical hostility to "dual" unionism. It was from the general post-Civil War society of the United States that the A. F. of L. drew its syndicalist unconcern for the general welfare; but here again it distinguished itself from the loose pre-Civil War social idealism that characterized the Knights.

Events tended to consolidate the attitudes that marked the A. F. of L. at its inception. The Federation was launched at the same time as a violent employer attack on unionism in general, but industrial unions (unions among the hitherto unorganized) in particular. The defensive posture and restricted conception of self-interest to which the Federation was pushed by these events tended to be intensified and consolidated by

⁶⁰G. N. Grob, "The Knights of Labor and the Trade Unions, 1878-1886", Journal of Economic History, June, 1958, 176-192; Grob, Workers and Utopia (Evanston, 1961); also Norman Ware, The Labour Movement in the United States, 1860-1895 (New York, 1929), chs. 8 and 9.

the part played by socialists in the United States. Whereas British socialists were predominantly constructive in their approach to unions, American socialism often appeared as a disruptive force. This was especially true of the Socialist Labor Party, which pursued a highly sectarian and frequently disruptive policy towards unions, viewing them as devices to bolster up capitalism.⁶¹ Socialists of other varieties were often over-anxious to convert unions into revolutionary weapons for overthrowing the capitalist class. In America, then, socialist militancy tended to provoke greater craft conservatism and division - the more so as A. F. of L. leaders showed small ability to understand or interest in understanding the West, where socialism, militancy, and industrial unionism particularly flourished. In sum, craft unionism stood against rather than with other unionists in the United States, and this shift of sides seems to provide the central explanation for the difference between American union development on one hand, and British and European development on the other.

Given its background, the attitudes and policies of the early A. F. of L. should not be surprising. What is less clear is why this group of craft unions preserved the same views and policies almost exactly through decade after decade of changing conditions - and why it should have been able in 1902 to introduce the same policies into Canada and afterwards to maintain them there.

On the first question - the remarkable persistence of all the original exclusive and doctrinaire attitudes of the A. F. of L. - it is plain that rivalries and suspicions, once established, can feed upon

⁶¹Cf. for example, P. S. Foner, History of the Labor Movement in the United States, Vol. 2, ch. 19, "The Socialists and the Labor Movement, 1890-1896".

themselves. Still, union history displays astounding instances of such gaps being bridged, when it is to the mutual interest of the parties to bridge them. The deduction that follows is that the A.F. of L. unions (until 1955) never found it in their interest to bridge gaps. But a conception that self-interest lies in exclusiveness flies in the face of labour ideology and class interest as understood everywhere else. What appears to be involved here is a reinforcement of the anti-ideological tradition of the A.F. of L. by the general post-Civil War ethos of the United States, which denied any general social interest except as revealed in the immediate self-interest of a particular individual or group. This very limited conception of interest could reduce itself, literally, to the calculation of one of the autonomous A.F. of L. unions whether a specific development would add dues-paying members to its roster. As it affected the A.F. of L. as a whole, the outlook only broadened to one of a narrow stratum of labour aristocrats seeking to preserve a privileged position. The rejection of intellectualism, essentially the rejection of long-term in favor of short-term self-interest, was another aspect of this approach.

The tactics of the A.F. of L. which followed from the philosophy also militated against change. The essential tactic was to co-operate with employers and maintain their goodwill by helping to suppress other kinds of unionism. As long as rival union structures bubbled up from the miseries and determination of the workers, this tactic probably worked rather well. But when suppression of rivals was too successful - as it was in the 1920's - the A.F. of L. had nothing to sell, and

employers found small reason to pay attention to it. Then, without a mass base or a trustworthy reputation, the A.F. of L. was left incapable of breaking out of its straightjacket, even if it had wanted to. All labour advances in the United States have, in fact, been initiated somewhere else.

Canadian Unionism

Though Canada shared the experience of a rise of industrial unionism in the 1880's and employer hostility to union expansion, its record thereafter deviates in some respects from those of Britain and the United States. For one thing, the anti-union stance assumed by employers seems to have been milder than elsewhere. One reason was that employers, sensitive to their need for tariff protection, wished to retain the support of labour for it. The governmental policy of promoting immigration probably depressed wage levels sufficiently, also, that employers felt no great need of a strongly anti-union policy. On the union side, the outstanding characteristic (up to 1902) was the harmony and mutual tolerance and accommodation of Canadian unions, more apparent than in Britain and very different from the attitudes in the United States. A sense of weakness and of common vulnerability to the unrestricted immigration favored by government no doubt provides some of the explanation for the absence of internal union strife. However, the weakness can be overdrawn: the fact is that the Canadian labour movement of the late nineteenth century was influential enough to obtain more concessions from governments than their American counterparts, and more

proportionally than Canadian unions have been able to obtain in the twentieth century. The real basis of toleration and co-operation among Canadian unions would seem rather to have been a sense of wholeness, involving concern for the general labour and general national welfare. Such an attitude came more easily in that many influential members of Canadian unions were of British origin. Yet, the same was true after 1902 when the Canadian labour movement fell into chronic inter-union strife.

There is no substantial evidence to suggest a Canadian origin for this strife. On the contrary, it was clearly introduced into Canada by the American Federation of Labor and its affiliated unions which seized control of the Trades and Labour Congress of Canada at its 1902 conention, expelled "dual" unions (to the A.F. of L), and thereafter conducted the Congress as a subsidiary to and in the intolerant spirit of the American Federation. The new orientation was completely at variance with the earlier attitudes displayed by Canadian unionists and would appear to have altered violently the course which Canadian union development was destined to take. It therefore raises basic questions. Why was it possible for Canadian unionism, after following for many years a pattern rather more British than the British, to be converted brusquely into an American model? If, on the other hand, the 1902 division is to be regarded as a somewhat accidental coup d'etat, why was the new A.F. of L. approach able to maintain itself indefinitely in Canada and to obstruct subsequent attempts to develop industrial unions and to rationalize the Canadian union structure?

International Unionism and the Trades and Labour Congress

A major difficulty in unravelling these questions is to avoid reading into events a precision and conscious choice that was not there.

Care of this kind must be maintained, for instance, in dealing with "international" unionism (the affiliation of Canadian locals with American national or regional unions and very occasionally the converse), of which the existence has been offered sometimes as a sufficient reason for Canadian union orientation and division. It is true that from the 1880's, Canadian locals had tended to affiliate with appropriate national unions of the United States, that such affiliation had become general in many of the main areas of unionism by 1900, that this situation was a condition that made possible the 1902 episode, and that the majority of Canadian unionists have been members of "international" unions ever since. It is true, also, that the Canadian worker did not view the United States as "foreign" in the same sense that other foreign countries were so regarded. An excellent reason for making this distinction was that the United States and Canada had in effect a common labour market up to the passage of an Alien Labour Act of 1897 (in reply to a similar American act) and, to a significant extent, even afterwards - a common labour market permitted and reinforced by similarities of language and culture. These truths, however, should not be pushed farther than they go.

For example, there is nothing in this record to suggest that Canadian workers were not Canadian nationalists - and there is a good deal of evidence that many of them were ardent ones (when they were "internationalists" it was likely to be in more than a North American sense).

It is unlikely that any significant number of them, up to 1902, ever contemplated that their affiliation with American-centred unions might involve a loss of control over their own labour movement. The example of the Knights of Labour suggested the contrary. The Knights not only represented an American union form that was taken up in Canada, but a highly centralized organization in theory. In practice, however, aided by the withering away of the parent organization, the Canadian Knights constituted an autonomous Canadian affair. In the case of other unions, there was not generally much reason before 1902 for a Canadian worker to connect his union affiliation with his national autonomy; in fact, the operation of many international unions has involved little evident or intentional conflict with Canadian autonomy up to the present day. A union affiliation was (and usually still is) a pragmatic purchase of a service more than a commitment of principle, and workers typically purchased a union service in the same way they purchased other services and goods, without much attention to the national origin of the product. A current parallel worth citing, because it illustrates the same confusions and cross-currents with remarkable faithfulness in a more recent setting, is the problem of the behavior of foreign corporations operating in Canada. Trained to believe that capital is an inherently good and neutral thing, whatever its national source, many Canadians have reacted to the discovery that foreign-owned corporations in Canada conflict with Canadian national interests by refusing to think that it matters, or supposing that the corporations may be right, or saying that time will

overcome the difficulty, or that Canada must put up with such things because foreign capital is so necessary. Canadian reaction to the loss of control of its labour movement in 1902 was also marked by such evasions and confusions.

This is to say that there was a certain naivety, an inadequate suspicion of bad intentions, on the part of many Canadian unionists in the immediate background of the 1902 T.L.C. convention. The Congress members who were advocating a more effective, better-financed, and more clearly Canadian Congress do not seem to have appreciated how unpalatable these proposals were to the A.F. of L., or under-rated the capacity of the A.F. of L. to take preventive action. This, though signs of A.F. of L. truculence had appeared for some years: the T.L.C. had already lost something of its autonomy in 1894 by agreeing not to charter unions in jurisdictional conflict with its affiliates; it has been suggested that the splitting of the Montreal Labour Council in 1897 which presaged the events of 1902 was directly engineered by Gompers, and was certainly carried out by the A.F. of L. unions; and in the years just prior to 1902, the A.F. of L. was busily chartering federal locals in Canada in open contempt of the T.L.C. jurisdiction.⁶² On the other hand, it was precisely to check this kind of action that the reformers of 1902 advocated a re-organization of the Congress. And, by a Canadian view of events, they were advocating the right things and their proposals should

⁶²Charles Lipton, The Trade Union Movement of Canada 1827-1959 (Montreal, 1967), pp. 85-86, 131; Logan, Trade Unions in Canada, 72.

have been accepted. The broad, inclusive, Trades and Labour Congress that existed before 1902 had done well for Canadian workers, and with the installation of a new political regime that seemed anxious to cultivate labour, it had good prospects of doing better. But it was a desperately weak organization in various ways, and especially in finance. One trouble - the one that became central to the 1902 take-over - was that the craft unions gave their dominant financial support to the American craft unions and the American Federation rather than to their own Congress. Perhaps a greater difficulty was that most Canadian unions ignored the T.L.C. altogether. Only 8,000 unionists were affiliated to the T.L.C. in 1901 - 10% of all organized Canadian workers at best. To the reformers, the central problem probably appeared as the delicate one of (simultaneously) inducing more unionists to support the Congress and developing a Congress that could command their support. While there were unionists (especially of the Knights of Labour) who advocated national unionism on national grounds, the main pressure for a stronger Canadian centre was on the ground of efficiency, and typically came from international (industrial) unionists.

Nor did the proposals for strengthening the Congress necessarily involve a clash with the craft unions of the A.F. of L. - except if, as it turned out, the A.F. of L. refused to tolerate the existence of an effective and independent Congress in Canada, and was able to enforce its refusal. That such outrageous interference in the affairs of another country would even be contemplated must have been a surprise to many. And there is justification for surprise: it is difficult to conceive that any

other national labour body that has ever existed, at any time, would have behaved in a similar way. A further ground for surprise was that American unions should interest themselves so deeply in the possession of a Congress with limited strength and an uncertain future.

The facts are, nevertheless, that the A.F. of L. unions were able to take charge of the Canadian Congress, and to retain their ascendancy subsequently, notwithstanding opposition of many varieties, but which came down essentially to demands for industrial unionism. This being so, the history of Canadian unionism became the history of fragmentation, and the central explanation required is of how the American craft unions were able to get and keep their control of the T.L.C.

The 1902 Take-over

General circumstances surrounding the events of 1902 have been sketched above. The basic motivation of the A.F. of L. unions has also been indicated: proposals to modernize and strengthen the Canadian Congress threatened their most sensitive point - dues collections - by promising to divert some or all of Canadian union dues to the Canadian Congress. Another probable ground of objection was the bad example of "dual" industrial union growth in Canada, and the possibility that a vigorous Canadian Congress catering for all types of unions might in a few years provide a demonstration effect for American workers of how much a broad and inclusive labour movement could accomplish. Some related points of objection to independent Canadian unionism are noted below. These points do not really explain, however, why the 1902 take-over succeeded. The

answer seems to fall into two parts: the strengths of the craft unions, and the defects of their opponents.

The 1902 crisis came at the crest of an extraordinary expansion of unionism. The economic buoyancy that supported it depended much more heavily on horizontal expansion than on rationalization and therefore supported a growth of craft employment that was certainly greater than any subsequent one, and quite possibly greater than any earlier one also. The relative position of crafts and craft unionism was therefore considerably strengthened. Indeed, in the heady aura of 1902 it must have been possible to foresee an unlimited growth and triumph of craft unionism, and this anticipation may have had a part in the year's events.

Growing numbers was not the only advantage of the craft unions. By and large they were also the most methodical and businesslike unionists. One side of this characteristic reflected itself in the fact that it was these organization men who took the trouble to affiliate with the Canadian Congress and to attend its conventions. In the simplest terms it was because they attended - and so many others did not - that the views of the American Federationists prevailed. After the event, the bread-and-butter efficiency of these more professional unionists undoubtedly aided in reconciling workers to it. It was probably an advantage, too, that many small Canadian employers were at this time denouncing "foreign" unions in somewhat hysterical terms. The protests came from the wrong quarter, and the ordinary wage-earner might readily conclude that unions so roundly attacked must be the best for him. By the same token, the outpourings of employers were something of a kiss of death for the

"national unions" that arose after 1902.

No less important to the outcome were the defects of the unions outside the A.F. of L. circle. To begin with, they fell into various groups - Knights of Labour, western industrial unions, aristocratic railway unions, and so on - not necessarily antagonistic to each other, but unlikely to take concerted action about control of a Congress to which most of them had not even bothered to affiliate. Frequently the unions themselves were but loosely organized - another inhibition to action at a congress level.

Then, it was not only the craft unions who suspected that the Knights of Labour was showing its obsolescence. A charge of the times, that the elastic assemblies of the Knights had become havens for renegades from other unions, now seems peculiarly pointless and smacking of the "dual" union doctrine. But the ideological hocus-pocus of the Knights was bound to grate on workers adjusted to a modern economy, who failed to appreciate the attraction of the Order for workers who were just moving into that economy, especially in Quebec. It was in keeping with the muddled, anti-class conscious sentiments of the Knights that they should miss the point after 1902, and put their first emphasis on "national" unionism instead of industrial unionism.

The frequently radical industrial unionism of the West was at the other end of the spectrum, smacking perhaps too much of the future rather than the present - at least in the eyes of the A.F. of L. It had a loose connection with socialists - themselves a mixed and rather unpredictable element. That is, Canadian socialists failed to achieve the central

constructive role of their British counterparts: in part, because they were constantly influenced by American socialist movements driven into alienated positions by the American Federation. Canadian socialists provided labour with a disproportionate share of its best leadership and activism, and President Ralph Smith who raised the issue of the future of the Trades and Labour Congress in 1901, enjoyed a considerable amount of socialist support.⁶³ On the other hand, socialists were of several strains with varying attitudes to unionism, but generally less systematic than A.F. of L. unionists about the details of dues payment and routine bargaining. Their concentration in the West also fostered mutual suspicion between themselves and the dominant elements of the T.L.C. after 1902. The unions in which socialists were prominent, usually industrial, were typically as "international" as those in the T.L.C., but they faced marked hostility on the part of employers and governments as well as the craft union officers, with the consequence that their histories are of violent fluctuations, and often short.

The Trades and Labour Congress after 1902

The divisions and weaknesses that made possible seizure of the Trades and Labour Congress by the A.F. of L. craft unions help to explain also why it was possible for this control to be perpetuated. Those outside the Congress never managed to agree on objectives, the issue of industrial unionism being confused by appeals - themselves largely ineffective - for

⁶³ Logan, Trade Unions in Canada, p. 71. For the role of socialism in Canadian unionism, see Martin Robin, "Radical Politics and Organized Labour in Canada: 1880-1930" (Ph.D. Thesis, Toronto, 1964).

"national" unionism. Nor was this merely a confusion of tactics: the "national" unionism that emerged was essentially backward-looking, dangerously geared to the sentiments of small employers about to disappear, and far removed from the militant industrial unionism supported by a certain amount of socialist ideology that was to provide the real opposition. It never became obvious, either, whether those who resented A.F. of L. control of the Canadian Congress and/or its hostility to industrial unionism should promote their views from inside or outside the Congress. The Congress had only a very limited right to speak for Canadian labour in 1902 - or ever. It represented less than 20% of the local unions in Canada in 1902; when it struggled up to a 50% representation of locals after 1910, these still accounted for less than half of the total, or even the international, union membership (i.e., T.L.C. locals were smaller than others on average); and, in fact, the only year in the whole history of the T.L.C. in which a majority of Canadian unionists were affiliated to it was 1921. Nevertheless, many Canadian workers might still wish to regard the T.L.C. as their Congress and to be affiliated to it, even if they had to go through an A.F. of L. screen to do so: in this respect the A.F. of L. take-over was a clever strategic stroke, forcing Canadian workers who wanted to belong to "their" national Congress to work against the autonomy and initiative of that Congress. On the whole, however, it was this internal opposition (as against external) that was the more effective. On the other hand, it was a struggle the opposition never won, as dissidents periodically were suppressed, withdrew from, or were driven out of the Congress.

AFFILIATIONS TO THE TRADES AND LABOUR CONGRESS
AS A PROPORTION OF ORGANIZED LABOUR IN CANADA

A. LOCAL UNIONS

	Total	Affiliated to T.L.C.	Percent Affiliated	Total Union Membership (000)	Affiliated to T.L.C. (000)	Percent Affiliated
1901		135			8	
2	1078	212	20		13	
3	1155	221	19		16	
4	1199	321	27		22	
1905	1196	378	32		22	
6	1274	448	35		27	
7	1432	515	36		32	
8	1539	628	41		41	
9	1618				36	
1910	1625	945	58		51	
11	1717	925	54	133	57	43
12	1875	957	51	160	66	41
1913				176	81	46
14				166	80	48
1915				143	71	50
1916				160	67	42
17				205	82	40
18				249	118	47
19				378	161	43
1920				374	174	46
1921				313	174	56
1925				271	106	39
1930				322	139	43
1935				281	106	38
1940				362	133	37
1944				724	247	34
1949				1006	450	45
1954				1268	596	47

Sources: R. H. Coats, "The Labour Movement in Canada" in Canada and Its Provinces (Toronto, 1914), Vol. 9, p. 302; Labour Organization in Canada, various issues.

The Attitudes of the Trades and Labour Congress, 1902-1920

The record of the A.F. of L. unions in the Trades and Labour Congress from 1902 is one of a limited accommodation to some Canadian attitudes, of a periodic relaxation that allowed the opposition within to appear effective momentarily, but of a regular tightening up that suppressed internal opposition and restored what never was in real jeopardy - the effective subordination of the T.L.C. to A.F. of L. policy. There were four issues of some consequence: industrial unionism; compulsory arbitration and quasi-arbitration (conciliation); political action; and tariffs. The last two may be disposed of before turning to the more basic issues.

The traditional policies of the A.F. of L. clashed very clearly with the predilection of a good many Canadian unionists for labour political action. On the other hand, the Canadians themselves never reached a clear verdict about the relative advantage of working through existing political parties or pursuing independent labour political action. The T.L.C. neutralized this issue effectively in 1907 by supporting independent and autonomous political action: i.e., provincial organizations that wanted to do so were able to promote their branches of the Canadian Labour Party. On the whole, it was a statesmanlike arrangement.⁶⁴

The tariff was a more difficult issue, if only because protection was the traditional bond between employers and (eastern) labour, and

⁶⁴For the detailed history of labour political action, see Martin Robin, op. cit.

the relatively mild opposition of eastern employers to craft unions was rooted in this question. After 1902, however, greater tariff protection tended to become the program of the national unionists who had been ejected from the T.L.C. with reciprocity in the 1903 declaration of the Canadian Manufacturers' Association in favor of national craft unions. In view of this preference, and the inability of the C.M.A. to avoid policies that were offensive to labour, such as promotion of immigration, it was perhaps fitting that the T.L.C. should express its objection to further protection in 1902 and again in 1906. In 1911, the Congress came out in favor of Reciprocity with the United States - perhaps not really the preference of its members, but one widely supported at the time. In sum, the Congress pursued a mildly anti-protectionist but very cautious policy which had the effect of distinguishing it from national unionism and neutralizing and decentralizing the tariff question also.

There was no such neutrality about industrial unionism, but this was an issue from which the 1902 orientation of the Congress had developed, and its attitude continued to be consistent. One of the great events of 1903 was the effort of the United Brotherhood of Railway Employees to reorganize railway unionism on industrial lines and negotiate with employers on that basis. Recognition of the situation at the 1903 convention of the Congress consisted of noticing that the American Federation of Labor had refused to charter the UBRE since "it tried to organize all trades" - an observation that was not only supposed to but apparently did prevent further discussion. The battle

of the UBRE won the support of various western Trades and Labour Councils but officers of international craft unions, along with the international railway running trades, played a considerable part in bringing about its defeat.

Industrial unionism remained recurrently prominent in practice, especially in Western Canada, where it would appear to have been the form preferred by most unionists at all times. It only reappeared as a leading issue in the Congress, however, at the 1911 convention which was held in Calgary. Western delegates were in the majority and they seized this opportunity to express their views by having the convention resolve that, "Whereas craft unions have proved inadequate to successfully combat the present day aggregations of capital; and whereas, the activities of the craft unions are almost entirely absorbed by jurisdictional disputes . . . Therefore, be it resolved that this convention endorses the principle of industrial unionism." To make sure that its origin was not misunderstood, it was stipulated that the resolution was not an endorsement of the I.W.W.⁶⁵

The 1912 convention of the T.L.C. was held safely back in eastern Canada but the Congress leadership was evidently perplexed how to repudiate the 1911 resolution without exposing its own partial and regional character. The way finally chosen was a condescending one: to interpret the resolution as being "only of an educative, permissive nature."⁶⁶ The real reaction did not come until 1913 and consisted of

⁶⁵ Labour Gazette, Vol. 12, p. 344.

⁶⁶ Logan, Trade Unions in Canada, p. 357.

several steps to put the Congress still more under the domination of the A.F. of L. and to prevent deviations from its policies. One was the expulsion of the Amalgamated Society of Carpenters, on which the A.F. of L. had declared war in 1911 as a union dual to its preferred United Brotherhood of Carpenters and Joiners. Notwithstanding that the ASC was much the older union in Canada, and the British union in a supposedly British country, the T.L.C. dutifully agreed to follow the A.F. of L. lead. Next was an amendment to the Congress constitution barring local unions not affiliated with the A.F. of L. from local and regional Labour Councils: a measure to impose the same narrowness on the lively western Labour Councils as had existed since 1902 in the Congress convention itself.

These counter-measures were successful to the extent that the next challenge did not come until 1918, after a striking upsurge (after 1916) in the numbers and militancy of organized labour, in the popularity of labour political action, and in objection to the management of the war and to conscription. The western resolutions on this occasion asked for a referendum on the question of reorganizing Canadian unions into "a modern and scientific organization by industry instead of by craft."⁶⁷ The rejection of this resolution by the entrenched A.F. of L. unionists (along with many others that implied radical action or protested against class collaboration in support of the war) appears to have been casual, without thought that its results might be serious. However, it seems

⁶⁷ Logan, Trade Unions in Canada, p. 305.

equally clear that rejection would have been as certain if the consequences had been known: there was no apparent consideration for which the A.F. of L. unions would loosen their control or modify their policies. Thus, when the western delegates next gathered at Calgary, a meeting from which came the formation of the One Big Union, the Congress was not disposed to seek reconciliation. Rather, its dominant elements devoted themselves with exceptional vigor to the destruction of the O.B.U. and the defeat of the Winnipeg General Strike with which it was loosely linked. Indeed, when the question of structure again arose in 1921 with demands for the expulsion of the Canadian Brotherhood of Railway Employees as a "dual" union, the Congress not only supported this expulsion of a Canadian union in favor of an international one, but changed its constitution to allow its executive council to suspend dual unions, thus, reinforcing still further the policies assumed in 1902.⁶⁸

State Intervention

Another area in which Trades and Labour Congress' policies derived from the A.F. of L. have conflicted frequently with the preferences of Canadians is that of state intervention in collective bargaining. Here, however, attitudes of various groups have fluctuated and the Congress itself was relatively fluid and undogmatic.

It seems accurate to characterize the general position of American craft unionism as one of opposition to state intervention, in collective bargaining or otherwise, and of emphatic opposition to compulsory

⁶⁸ Logan, Trade Unions in Canada, pp. 366-369.

arbitration. The long-standing attitude of Canadians and Canadian unionists, on the other hand, has been favorable to intervention and to compulsory arbitration specifically. Arbitration was a regular proposal of Canadian unions in the nineteenth century - though sometimes it was conciliation that they meant. In keeping with this tradition, the President of the Canadian Congress at the 1901 convention urged compulsory arbitration in his presidential address, and the delegates resolved in favor of it and to press the government to adopt it.⁶⁹

Very probably this was another of the aberrations of Canadian unionists that prompted the A.F. of L. take-over of 1902. In keeping with the new situation, the 1902 convention reversed its predecessor in a resolution sharply rejecting compulsory arbitration. Its focus was the proposed Railway Arbitration Act which "would rob the railway employees of their constitutional rights, destroy their organizations, and place them absolutely in the hands of the railway companies, at the same time depriving them of their citizenship . . ."⁷⁰ This action and its hysterical tone appears to have emanated from the United States, where unions (or their officers) really did fear that compulsory arbitration would deliver them into the power of railway companies, and feared particularly that a Canadian precedent of compulsion would soon be taken

⁶⁹ Labour Gazette, Vol. 2, pp. 213, 220. A detailed account of Canadian union support for conciliation and arbitration, as well as of state provision for these, appears in W. Steward Martin, "A Study of Legislation Designed to Foster Industrial Peace in the Common Law Jurisdiction of Canada" (Ph.D. thesis, Toronto, 1934), ch. 3.

⁷⁰ Labour Gazette, Vol. 3, p. 235.

up on the other side of the border. Following this check, the Railway Labour Disputes Act of 1903 was made permissive, and arbitration was practiced only by agreement of the parties, e.g., Montreal bricklayers and builders agreed to a voluntary arbitration arrangement in 1906.

In the Congress, it was the Industrial Disputes Investigation Act of 1907 that again raised the question of state intervention. The Congress endorsed the Act that year (though the railway running trades immediately opposed it). However, the endorsement was qualified. The convention voted that the Act should be extended to all industries, but voted against its extension to all trades.⁷¹ The significance of the first vote is difficult to determine, but the second seems to indicate that spokesmen for the trades did not want the Act applied to themselves.

Another light was thrown on the matter by V. S. Clark, a distinguished American scholar of the time who looked into the IDIA question in 1908. The employers, he found, were generally in favor. But - in keeping with findings at other times - he reported that union members were much more favorable to intervention by the state than union leaders.⁷²

It was also in 1908 that the Western Federation of Miners, after an unfavorable settlement, came out in opposition to the Act. This was the beginning of a trend of opposition among western unionists - less on grounds of principle, apparently, than from a growing conviction that the IDI Act worked to produce bad settlements from a labour viewpoint.

The Congress, for its part, settled into a pattern of calling for

⁷¹ Labour Gazette, Vol. 8, p. 431.

⁷² Ibid., Vol. 9, pp. 275-278.

amendments to the Act in some years, and for repeal in others. In 1909-10 it was for amendment (the 1910 convention also resolved again against compulsory arbitration). In 1911, when western unionists predominated, it resolved for repeal on the ground of the deplorable partiality with which the Act was being interpreted and enforced. The Congress switched back in 1913 to a demand for amendment (not repeal). The reason for this change is most instructive - the threatened withdrawal otherwise from the Congress of the Order of Telegraphers. According to the spokesman for that union:

"Those who are loudest in denouncing the Act, and demanding its repeal were the organizations to which the Act does not apply at all. With the exception of the United Mine Workers, none of the organizations to whom the Act applies were in favor of its repeal."⁷³

Things went on thereafter in pretty much the same way: the Congress voted again for repeal in 1916. The point seems clear: doctrinaire unionists, including western ones, and those who considered that they had a strong bargaining position, were against the intervention represented by the IDI Act, whereas weaker groups, the ones to which it most applied, were usually in favor of it.⁷⁴ Employers, as represented by the Canadian Manufacturers' Association, were consistently favorable. On the whole the Trades and Labour Congress acted as a barometer of labour opinion, free of a fixed position, but the ideological preconceptions of its craft spokesmen were periodically in evidence. Their message was that

⁷³Labour Gazette, Vol. 13, p. 117.

⁷⁴This point is brought out by Martin who reviews union reaction in considerable detail, "A Study of Legislation Designed to Foster Industrial Peace in the Common Law Jurisdiction of Canada" (Ph.D. thesis, Toronto, 1944), pp. 237-248, 299-301.

they did not want any kind of restriction placed on their unions, but it is open to question whether their memberships generally agreed with them.

The State in the Early Twentieth Century

Among other distinctions, the first decade of the twentieth century saw far greater initiative displayed by the Canadian government in dealing with industrial relations than it had shown before, or than it has ever showed since. The measures taken, too, were more clearly of Canadian origin and more deliberately designed for Canadian conditions than those introduced at other times. These facts raise the important questions, why a vigorous labour policy should appear at that time, what it was intended to accomplish and might have accomplished and, perhaps the most important question, why this energetic initiative was succeeded (after 1907) by forty years of inactivity.

The legislation of this period consisted of the Conciliation Act of 1900, the abortive Railway Arbitration Act of 1902, the Railway Labour Disputes Act of 1903, and the Industrial Disputes Investigation Act of 1907 - all associated with the personality and views of Mackenzie King.

The Shaping of the King Legislation

In considering state intervention in labour matters in Canada, it is necessary to ask, "Which state, the province or the Dominion?" This ambiguity of jurisdiction has been inseparably mixed with the manoeuvres of political parties.

In the beginning, the national government asserted its authority

over labour questions in the Trades Union Act of 1872, and this authority was not really challenged until about the end of the First World War. There were several good reasons for this claim to authority. First, it was in accord with the constitution as then understood. Second, the stated purpose of the 1872 Act was to facilitate the immigration of badly-wanted British artisans into Canada, and the Act was therefore an essential element in fulfilling the responsibility of the Dominion Government to develop the national economy. Third, the measure reflected the alliance then existing between the Conservative Party and organized labour, which in fact was one of the cornerstones of the Canadian state.

After 1880, erosion occurred on several sides. The Conservative government in Ottawa failed to do very much for labour and alienated the Canadian workingman - the Royal Commission on Capital and Labour (1886-1889) was the single notable contribution and its recommendations were not implemented. The workingman was cultivated, however, by provincial governments predominantly of the Liberal Party, probably inspired in part by the success of the British Liberal Party in commanding the votes of skilled workers.⁷⁵ The provincial governments, nevertheless, backed into labour legislation rather cautiously, with considerable emphasis on what might be called welfare legislation. Several of them (Ontario, Nova Scotia, British Columbia) foreshadowed the Dominion legislation of

⁷⁵ Bernard Ostry, "Conservatives, Liberals, and Labour in the 1870's," Canadian Historical Review, June, 1960, 93-127; "Conservatives Liberals, and Labour in the 1880's," Canadian Journal of Economics and Political Science, May, 1961, 141-161.

1903 and 1907 by passing conciliation and arbitration acts, in which the familiar tripartite board was prominent; but these measures were typically examples of blind borrowing from other countries, not very suitable and little used, and usually introduced, in fact, as political window-dressing.⁷⁶ The provinces were feeling out rather than claiming a jurisdiction, even though the Privy Council in the 1880's was already producing decisions that shifted the residual powers of the Canadian constitution to the provinces. The fact is that labour legislation up to about 1920 was treated as concurrent legislation. In practice, the provinces were generally content after 1902 to leave labour matters to the senior government.

There are two ways to regard the events after 1880: that labour legislation was being taken over by the provinces, or that it was being taken over by the Liberal Party. The predominant Liberal interpretation appears to have been the latter. When the Liberals achieved control of the Dominion government after 1896 they proceeded to legislate vigorously in the labour field. Perhaps, as more effective exponents of a National Policy in a period characterized by acute shortages of labour, they could do nothing else. But, as friends of the workingman, also, they were under an obligation to act. The broad membership of the Trades and Labour Congress (before 1902) and the reasonable and constructive nature of its proposals were likewise conducive to an initiative by the Laurier government. The measures taken in 1900, to establish a Conciliation service, a Department of Labour, and a Bureau of Statistics, in fact were

⁷⁶W. Steward Martin, "A Study of Legislation Designed to Foster Industrial Peace in the Common Law Jurisdiction of Canada" (Ph.D. thesis, Toronto, 1954), ch. 3.

long overdue. Readiness to act was implied also by a meeting of March, 1902, at which representatives of the Trades and Labour Congress presented the views of their 1901 Convention to the Prime Minister and Minister of Labour, thus establishing the custom of annual presentations by labour bodies to the Cabinet.⁷⁷

Meanwhile, events helped to propel the government into an area about which the labour movement and the Canadian people had long been sensitive, that of dispute settlement. And its initiatives in this area became bound up with the activities and views of Mackenzie King.

Few civil servants can have played so large a part as Mr. King in shaping Canadian government policy. This influence was possible because cultivation of the labour jurisdiction was essentially a new activity of the Canadian government, but it depended as well on the fact that King fitted with remarkable fidelity into his place and time. He was a labour expert, as the term was then understood, with an American background at a time when American influence in Canada was growing rapidly. King's social thinking was reminiscent of that of the Knights of Labour in its fuzzy, anti-class-conscious character, studded with disconnected idealisms. As such, it had the same appeal as the philosophy of the Knights to the rather unsophisticated workers and public of Canada. On

⁷⁷ Labour Gazette, Vol. 2, p. 590. It may be doubted whether such meetings could have been initiated so easily after the labour split of 1902, which was bound to complicate the Laurier government's policy of cultivating labour. However, as the years went on, this government increasingly accepted the A.F. of L. -oriented Trades and Labour Congress as the authentic voice of Canadian labour, presumably finding it easier to do so because of its own American or "continental" orientation.

the other hand, King could readily understand and was himself capable of all the professional ruthlessness and cunning of an A.F. of L. roadman. He accepted the employer view that labour should accommodate itself to what employers were able to pay, without the irritating qualification that the employer must strive to match others in efficiency. In this, as in his preoccupation with the dispute aspect of industrial relations, King mirrored a contemporary conception that small but worthy Canadian employers were locked in an unequal competition with outside giants. But, equally faithful to a common Canadian attitude, he had no objection in principle to the presence of foreign firms, or foreign unions, in Canada.

On the other hand it may be doubted whether King (or the government for which he acted) possessed - in the beginning at least - a number of attitudes that have been attributed to him: a belief in permissiveness, a conviction of the adequacy and effectiveness of public opinion as a regulatory device, and a veneration for the legislative practices of other countries. It appears rather that events and political pressures shaped legislation in ways not contemplated originally.

To take the last point first, it is true that Ontario and British Columbia in their conciliation and arbitration legislation of the nineteenth century had followed British and Australian precedents with an unsuitable slavishness, and that King no doubt took account of their experiences as well as that of some of the United States (which also had followed British models). But noticing how the provinces had fared - and proceeding with a view to avoiding their mistakes - would seem the

sensible course. As far as precedents are concerned, King may have been particularly impressed by a Canadian precedent of 1901 in which Bishop Begin of Quebec, presumably following the papal encyclical of 1891, dealt with a prominent strike of Quebec boot and shoe workers by establishing a tripartite conciliation and arbitration board.⁷⁸ Beyond this, however, it seems abundantly clear that King's legislative recommendations arose out of the particular Canadian disputes with which he was called upon to deal. Mr. King was far too capable a politician to be unaware of the Canadian passion for being awed by what some other country is doing, and the Canadian hesitation to believe that a home-produced product can be best. It would be in character if he cultivated the rumor that his legislation was borrowed from some other - preferably British - jurisdiction. In fact, however, it was designed to meet Canadian conditions, and remains probably the most genuinely Canadian labour legislation that has ever appeared.

As far as permissiveness and reliance on the sanction of public opinion are concerned, King and the Laurier government could hardly fail to be aware of a traditional view that an employer should be free to conduct his business as he saw fit, and a less secure but similarly time-honored conception that a workingman should not be forced to labour against his will. Indeed, the government seemed at first anxious to lock the door against even the possibility of its becoming involved in forcible intervention. What was said at the time the Conciliation Act of

⁷⁸Labour Gazette, Vol. 1.

1900 was introduced was that conciliation had to be left voluntary because the British North America Act reserved matters dealing with "individual's rights" to the provinces.⁷⁹

Subsequent events, however, indicate that King did not take this constitutional premonition seriously, or the government either. King instead, shared the long-standing and long lasting preference of Canadians and Canadian unionists for compulsory arbitration or, at least, compulsory conciliation. The compulsory approach, of course, implied a relatively low evaluation of voluntarism, and of publicity and public opinion as agents of enforcement.⁸⁰ Where King and the Laurier government really stood on these matters is demonstrated particularly by the legislation of 1902.

The proposed Railway Arbitration Act of 1902 arose out of the Trackmen's strike of 1901 against the Canadian Pacific Railway, and particularly out of the impossibility of conciliating a fundamental conflict over the principle of collective bargaining. What the Act provided was compulsory conciliation - implying de facto recognition of the workers' representatives - and, if that failed to produce agreement, a compulsory arbitration binding on the parties for one year. These provisions were undoubtedly encouraged by the fact that compulsory arbitration had for some years been a demand of the Trades and Labour Congress, and was advocated with particular earnestness by President Ralph

⁷⁹Labour Gazette, Vol. 1, p. 29.

⁸⁰The philosophy of this position, which the writer regards as important to an understanding of Canadian preferences and Canadian events, is discussed below.

Smith. But, at this point, compulsory arbitration was also preferred by the government. Its qualms were not on that ground, but on the question of jurisdiction. Conscious of an earlier assertion that "individual's rights" fell within the jurisdiction of the provinces, the government was at pains to justify its intervention in terms of the special public character of railways and railway services. Moreover, the initial public reaction was quite favorable: the Act was approved by most of the general public, by President Smith of the Congress on behalf of labour, by the President of the Trackmen's Union and, with qualifications, by the Canadian Pacific Railway.⁸¹

Despite this promising reception and solid background, the Railway Arbitration Act was quickly abandoned. The retreat was clearly due to the opposition expressed by international railway unions - primarily the American officers through a large number of Canadian locals were induced to forward hostile petitions - and by the Trades and Labour Congress after its take-over by the A.F. of L. in the fall of 1902. Indeed, taking into account Gompers' violent opposition to compulsory arbitration, it is probable that the Arbitration Act played a greater part than any of the other distressing features (from Gompers' viewpoint) of the Canadian scene in provoking the 1902 coup d'etat. And the American intervention was effective: if the Laurier government had any notion of standing by its legislation, it developed a more prudent second thought, and conducted itself subsequently with due regard for the power of

⁸¹W. Steward Martin, "A Study of Legislation Designed to Foster Industrial Peace in the Common Law Jurisdiction of Canada" (Ph.D. thesis, Toronto, 1954), p. 172 ff.

American craft unionism.

It did, however, re-introduce the legislation in the more palatable form of the Railway Labour Disputes Act of 1903. In this Act, compulsion was confined to the establishment of tripartite boards. At the second stage the boards were called "Arbitration Boards" but their awards (except by prior mutual consent) were not mandatory. The sanction depended on for acceptance of awards had therefore to be public opinion; but it was accepted in lieu of anything better.⁸²

The final fruit of this period of legislation, longer lived and much more widely known than its predecessors, was the Industrial Disputes Investigation Act of 1907. It avoided the compulsory arbitration awards that had aroused such violent opposition from some sections of labour in 1902, notwithstanding that King may still have believed in them. For enforcement, then, it was thrown back on the uncertain power of publicity and public opinion.

On the other hand, the Act imposed a variety of compulsions that

⁸²That King himself did not consider publicity an adequate enforcement agency is indicated by the Report of the British Columbia Royal Labour Commission of 1903, of which King was secretary. Its Report, which appears to have been largely King's work, foreshadows the Industrial Disputes Investigation Act in a number of respects, and does emphasize the role of public opinion in the settlement of disputes. However, in the case of disputes substantially affecting the public (operations of "public necessity"), the Report advocates compulsory arbitration and compulsory awards binding for one year. Labour Gazette, Vol. 4, pp. 129-136; Martin, "A Study of Legislation Designed to Foster Industrial Peace in the Common Law Jurisdiction of Canada" (Ph.D. thesis, Toronto, 1954), pp. 196-199.

separated it very far from the tremulous concern for "individual's rights" expressed by Mulock in 1900. Gone also was the necessity to insist on the public character of railroads: King succeeded in bringing all "public interest" or essential employments under the legislation. Conciliation was compulsory, and so was investigation and report. Finally - the innovation that particularly distinguished the Canadian system - strikes and lockouts were prohibited pending completion of the investigation and report. The suitability of this set of legislative compulsions has often been argued, but it is significant that to a substantial extent they are still with us.

Reactions to the Industrial Disputes Investigation Act

The opposition of international craft and railway unions to the abortive Arbitration Act of 1902 has been noted. The permissive Railway Labour Disputes Act of 1903 seems to have been acceptable enough to the parties - and little used. The Industrial Disputes Investigation Act fell somewhere in between, and so did the reactions.

Employers appear on the whole to have been mildly favorable towards the compulsory arbitration contemplated in various jurisdictions before 1903 and, as represented by the Canadian Manufacturers' Association, remained consistently favorable to the Disputes Investigation Act. A possible interpretation of this stance is that the effect of the Act in delaying and minimizing strikes outweighed employer objection to the temporary de facto recognition of unions which it might lead to. Unions complained regularly that the operation and interpretation of the Act were unfavorable to labour, and employers might have been expected to be

correspondingly more favorable to the Act.

At the first appearance of the I.D.I. Act, spokesmen for the railway running trades expressed bitter opposition - but largely, it would seem, because the American officers of the unions assumed that compulsory arbitration was being introduced again.⁸³ The Trades and Labour Congress endorsed the Act, and its extension to all industries. At the same time, the Congress voted against extension to all trades - seemingly indicating that the skilled trades did not wish the Act to apply to themselves. It may be noted that the Canadian National Association of Builders in 1909 asked that the Act be extended to cover the building trades,⁸⁴ a request that was not, of course, acceded to. While nervousness about the constitution and doubt that construction is an essential industry may have played a part in the refusal, the request might well have been received favorably if the building trades unions had been warm to it.

V. S. Clark observed in 1908 that union members were distinctly more favorable to the intervention of the I.D.I. Act than union officers - a divergence of view that has continued. It is less clear how far the rank-and-file attitude reflected a permanent Canadian position, and how far it may only have denoted a lack of sophistication - or success - in unrestricted collective bargaining. To some extent, the divergence was between Canadians and the American officers of craft and railway unions

⁸³ However, to placate these unions, they were left the alternative of proceeding by the provisions of the Railway Labour Disputes Act.

⁸⁴ Labour Gazette, Vol. 9, p. 1114.

whose environment had nurtured a doctrinaire objection to any kind of intervention. But the distaste of these unionists for interference with their collective bargaining procedures was soon exceeded by that of western Canadian unions, often enough industrial in structure. These unions usually were "international" also, and negative American and syndicalist attitudes towards government may have played a part in their reaction. But western opposition seems to have rested mostly on practical grounds rather than principle: on the belief that conciliation boards were consistently prejudiced against labour - it was on account of this alleged prejudice that the Western Federation of Miners was already opposed to the Act in 1908. At the opposite pole, the Canadian Federation of Labour was in favor of extending the Act to cover all disputes. Whether the "Canadian" character of this Federation's membership or the weakness of their unions played the greater role in this preference is difficult to judge.

Over the years, the Trades and Labour Congress usually endorsed the Act if amended to remove its alleged inequities. In 1911, however, under the influence of western unionists, the Congress declared for repeal, and only returned to the original policy in 1913 under the pressure of the Telegraphers' Union which felt the Act to be much in its interest and that of other unions to which it actually applied. It appears that the dominant crafts, themselves usually unaffected, were indifferent to the Act, not averse to repeal but well enough suited by the cautious acceptance expressed on their behalf. Workers actually affected by the Act were generally favorable, as the general public appears to have been. On the

other hand, western unions continued generally to be opposed to the Act, and still more to its temporary extension to cover all disputes in 1918.

Government Inaction, 1908-1943

After the vigorous legislative beginning made by the Canadian government from 1900 to 1907, it is the more astonishing that no further significant action in the field of labour relations should be made for almost forty years. This hiatus cannot be blamed on the constitutional uncertainties, for there was no doubt of the right if not duty of the Dominion to legislate in its jurisdiction, whatever that might be, and most of the time this jurisdiction was a national one in practice by consent of the provinces. By the same token, it cannot be said that the Canadian government in this period retired before the activity of the provinces, which took only the most occasional and timid action on their own account.

Legislative activity is not, of course, an index of the maturing of an industrial relations system, and may be the reverse. A number of countries, particularly those to which Canada has been most disposed to look for example, have prided themselves on allowing labour relations to evolve free of much legislative restraint. This approach was urged by a good many influential voices in Canada, a factor providing some part of the explanation for Canadian inactivity. It was, nevertheless, an inappropriate rationalization of that inactivity. For a prominent feature of the countries that have been able to progress with minimal legislation has been a substantially unified and effective labour

movement, typically with an influential political arm also. This characteristic was conspicuously lacking in Canada (and in the United States). The failure of institutional advance, along with the absence of further government intervention, produced the situation that Canadian industrial relations were less mature and articulated in the 1930's, or perhaps even in 1943, than they had been in 1908. And the question concerning this suspension of progress might be reformulated as follows: Why were Canadians in general and Canadian workers in particular unable to progress significantly after 1907 in the field of labour relations, either by legislative action or by the construction of an effective quasi-autonomous structure to represent workers and employers and deal with the issues between them?

Some parts of an explanation have already been supplied. The enormous conservatism of Canadian employers and their sympathizers in government has prevented any serious modification of a traditional "master and servant" employment relationship, either in law or in practice, except when labour unrest has been so widespread and so fierce that action of some sort appeared unavoidable. Even this rule must be qualified, for while unrest led to a legislative advance in the first decade of the twentieth century and in 1944, the internal division of labour in 1919 allowed a hostile government to crush rather than placate the labour militancy of that time. The promising initiatives up to 1907 might have been carried farther, but the menace displayed by international unions even to this degree of intervention determined that only a more purposeful government, resolved to shape events rather than react to them,

could have promoted a maturing of industrial relations by further legislative enactment. The way was thus open for unions to develop a suitable system of relationships with employers in their own way, without serious hindrance from government; but they failed in general to do this, not least because the unions in the best positions were not interested in the construction of an industrial relations system beyond the immediate and particular solution of their own problems. The general explanation of Canada's suspended development in industrial relations is, I think, as follows: The approach most congenial to Canadian labour and Canadian society, involving a considerable activity of the state as arbiter and catalyst, was largely blocked by an alien labour movement and ideology after 1901. But the alternative labour tradition of the United States, though the way was left open for it, also failed to develop a viable general industrial relations system. This particular failure was accentuated by the fact that the ideological preconceptions of A.F. of L. unions were different from those of most Canadians. (However, it should not be overlooked that the American or Gompers system was also a profound failure in the country of its origin). Between these two frustrations, of either government action or autonomous labour action, and the chronic internal conflict of the Canadian labour movement that reflected them, inertia and sometimes downright reaction reigned supreme.

The Canadian and the American Approach to Industrial Relations

The proposal that there was - and is - a basic difference between the Canadian and American approaches to industrial relations appears to be

at variance with the assumptions of most writers on labour subjects. The question is important, not only as it bears on the inability of Canada's industrial relations to advance after the first decade of the twentieth century, but also (unless the Canadian approach is believed to have subsequently disappeared) as it affects the shaping of genuinely appropriate labour legislation today. It seems desirable, therefore, to explore the point at some length.

The Canadian Approach - What the writer takes to be an authentic Canadian approach appeared in recurrent demands for compulsory conciliation and arbitration and in Mackenzie King's legislation; but these particular devices, as such, are not fundamental to it, and a supposition that they are misses the point. The point is that a Canadian approach starts from the assumption of a father state - a unitary state, not in the sense of suppressing the provinces but in the sense that a Canadian government in its jurisdiction has unlimited authority and responsibility to assure the social welfare; in a sense antithetical, then, to the American conception of a state of divided powers, checks and balances, and minimal authority and responsibility to govern a pluralistic or syndicalist society. Whereas Americans have conceived that society ran itself, that the state was a housekeeping if not a purely parasitic apparatus, and have been constantly fearful of state action on the assumption that the action would be undesirable, Canadians have been traditionally conscious that their society did not run by itself, that its good operation required government intervention, and their frequent fear has been that the state would not act, or not act sufficiently.

British conceptions of the state, it may be noted, stand somewhere between these, but much closer to the Canadian.

Whereas the American hope for justice, or at least order, has rested on a conflict of interests, re-stated more recently as a concept of countervailing power, the Canadian's experience - of the relation of his country with other countries, of the relationships of Canadian regions and provinces, of large versus small business, of farmers and their predators, and of employers and workers - denies that there is any natural or automatic balance of forces. Rather, justice or even order are only attainable by action of the father state. His parliamentary system was designed precisely to overcome centrifugal forces and centralize authority so that the state could apply the necessary correctives and, whatever the defects of practice, he inherited from Britain a strong tradition of the moral obligation of those clothed with state power to intervene in an even-handed manner.

The persistent call for compulsory state intervention in labour relations in Canada, both before and since 1902, rests heavily on the concept that the father state can and should set things right. It is true that the advocates of intervention have typically had an inadequate appreciation of the advantages of unrestrained collective bargaining as a means of resolving differences and constructing an effective industrial relations system. It is true that intervention has been advocated with particular readiness by those whose bargaining power is weak. And it is arguable, and has certainly been argued on both these accounts, that the cry for intervention is the mark of immaturity in industrial relations.

On the other hand, these observations are not quite as derogatory as sometimes made out to be. There is nothing sacred (except, perhaps, in an American conception of society) about perfectly unrestricted activity, or completely untrammelled bargaining. Despite a good deal of strong talk to the contrary, state intervention even including compulsory arbitration does not "destroy" collective bargaining, though certainly modifying its character. From a father state point of view, the modification may be decidedly for the better if the awards reflect relative indifference to comparative bargaining power, and rest instead on a moral conception of social entitlement to share in pecuniary and other benefits. From this viewpoint, it is not bad but good that groups with small bargaining power should seek and receive more than their bargaining due from an authority intended to be impartial, just as it is good that the lamb and the lion have a theoretically equal chance to obtain justice through the courts. The alternative, that those with exceptional bargaining power should be able to extort benefits far out of line with others has not been in accord with the public's view of propriety in Canada - or, indeed, in the United States. The writer is acutely aware that unions in this position have served their harsh apprenticeship - before they learned how to exploit society, society through their employers exploited them - but this can be made another argument for state intervention to ensure greater equity, and a regret that pervasive intervention was not inaugurated in 1900.

From the father state viewpoint, it also misses a good deal of the point to emphasize that full-blown compulsion, as in Australasia, has

not eliminated strikes. The Canadian preoccupation with prevention of work stoppages and the inadequate appreciation of collective bargaining which it denotes have been stressed in this Report. But this Canadian impatience with stoppages can also be seen, and in many cases should be seen, as a conviction that the father state should supply a better way, not only more peaceful but more equitable. Reflecting this concern for equity, Canadian compulsion has been much less prone than American to deny the compelled groups any alternative except acceptance of the employer's terms.

The purpose of this discussion is not to declare the virtue of the Canadian approach, or the superiority of the results which it could have had over the uneven fruits of unrestricted collective bargaining. It is to point out that there is a distinctive viewpoint that was and is strong in Canada, to which may be ascribed the continual propensity for state intervention in industrial relations and the equanimity with which it is met. Hindered by the penetration of a different American philosophy, this Canadian approach has not developed into a coherent system for dealing with industrial relations, but has only appeared in a partial form as a means of dealing with certain disputes. It is an important matter to bear in mind, however, in considering how Canadian industrial relations may or ought to evolve.

The American Approach

From 1902 the dominant labour influence in Canada was that of American unionism of the aristocratic craft and railway running trades

type. Its success depended on finding a labour force in Ontario, and to a more limited extent in other provinces, that shared many of its attitudes. On the other hand, these unions introduced views and methods that, if not alien, were at least undeveloped among Canadians, and made them important factors in the development of Canadian legislation as well as Canadian unionism. It was to the extent that these views could be made to fit into the Canadian milieu, and were themselves effective, that an industrial relations system geared to American conceptions could be matured in Canada.

The ideological background of American unionism has already been noted: a conception that syndicalist pursuit of particular self-interest constitutes the social good; and expectation that particular interests will counter or balance each other - but, if they do not, that the ineffective interest deserves the fate appropriate to its inadequacy; and an extreme suspicion of state action that might change the set of balances. Labour distrust of government intervention was exceptionally strong in the early decades of the twentieth century, both among the craft unions that lacked any ideal except self-interest, and western unions imbued with socialist and syndicalist aspirations to a proletarian commonwealth. This common suspicion thrived on the hard experience that governments in the United States were at best unpredictable, but most often the agents of special interest, a means by which the strong expanded their exploitation of the weak rather than a countervailing power to protect them. Indeed, the "social Darwinism" of Herbert Spencer that was widely accepted in the United States in the late nineteenth and early twentieth centuries justified and sanctified this partiality.

Given this environment, it is not surprising that American unions pursued what was frequently a narrow interpretation of their self-interest, and sought to do so through a private system of industrial government removed as far as possible from the interference of the state.

The virtue of this system resided in the merit of unfettered collective bargaining: a flexible and realistic method not only of resolving differences and determining working conditions, but of establishing, by constrained mutual consent, a systematic structure of industrial relations which in good circumstances might be called "industrial democracy." Emphasis on careful observance and administration of labour agreements was a related American contribution. While collective bargaining was by no means unfamiliar to Canadians in earlier days, the emphasis and professional treatment applied to it by Americans was an importation into Canada brought by American unions, and one that may well have benefited the Canadian practice of industrial relations considerably. If a general system of industrial relations could have been built in Canada on this basis, a workable mechanism might have emerged that would have been reconcilable with the Canadian tradition of the father state, and acceptable to Canadians generally, notwithstanding its foreign origin. The Canadian state, for its part, afforded American unions the opportunity to develop their system by refraining from intervention beyond that of 1907.

Unfortunately, the American unions and their Canadian followers, after obstructing positive state action in the name of free collective bargaining, failed in their turn to develop a coherent industrial

relations system in Canada. The fault, in the writer's opinion, lay much less with the principle of collective bargaining than with the peculiarly narrow way that the principle was applied. A general system of autonomous collective bargaining as it developed to a substantial extent in Britain and more coherently in Scandinavia, is indeed a reasonable alternative to the state-dominated collective bargaining of Australasia. The American system dominant in Canada, however, not only did not aim in this direction, but went to extreme lengths to hinder such a development, sometimes in the teeth of the opposition of a great part of the Canadian labour movement.

For an autonomous collective bargaining system to furnish a general solution it must provide for all, or at least the great bulk, of workers and employers - the weak as well as the strong. Preferably the strong will lend the support of their bargaining strength to the weak and find reimbursement in the greater general strength of their side - on the labour side, this has been the ideal of all attempts at general union and all appeals for solidarity. At the least, the strong must not obstruct the effort of the weak to help themselves - the case of Britain in the 1890's.

American particularism, however, worked on the opposite principle. The strong not only denied their support (and state support) to the weak, but often worked actively to suppress them. They did so by insisting on a weak congress incapable of imposing unified action on its autonomous affiliates, by combatting industrial unionism, by opposing western unions imbued with socialist idealism and the great egalitarian revolt of 1919,

by alienating and ignoring French-Canadian workers with a more moralistic view of the social welfare, and by making every effort to hinder the rise of industrial unions in the 1930's - which unions, unfortunately, born into a system of particularism, developed to a considerable extent their own narrowness in pursuit of their self-interest.

The collective bargaining system that developed therefore failed to overcome, and rather bolstered, the localism and particularism of employers and labour markets all too evident in Canada. Instead of working towards the generalization and equalization of power and wage rates, it accentuated the differentials of power and anomalies of disparate wage rates. It produced these results, almost deliberately, by arrangements that left the great majority of Canadian workers as an unorganized mass without the advantages of collective bargaining, confined to a small labour aristocracy. Thus, after opposing a reorganization of industrial relations by state action, the dominant unions failed to develop a general solution of the problem by way of collective bargaining. The denial of a general solution either by way of legislation or of pervasive collective bargaining produced a dangerous delay, and indeed some retrogression, in the development of Canadian unionism and Canadian employer organization. The net result has been a peculiarly retarded system of industrial relations lacking ominously in maturity and sophistication.

The 1920's

If the years 1919-1920 were violent and difficult, they also contained, in Canada and elsewhere, a promise that the sacrifices of the

war would be rewarded by an era of human progress. The bad old world that had brought so much distress would be replaced by a better one, and the ruthlessness of the past would give way to a humane society. The passion for change was an international affair, and the stimulus of international uplift was for a time very noticeable and influential in Canada. As previously noted, this thrust had not converted Canadian employers to acceptance of collective bargaining with independent unions. But it had appeared to persuade larger and more thoughtful employers and managers that a much more considerable system of handling labour was required. One response was the joint council or committee system, implying an appreciation of wage-earners as people and a concern about their view of the industrial machine. Employers and governments manifested enough interest in unemployment insurance that one might have thought it imminent, and there was considerable discussion also of sickness insurance and of old age pensions. Governments had also promoted housing and for a brief period at the beginning of the 1921 depression the previous mood led governments to undertake public works as a means of counteracting unemployment.

It turned out, however, that this was all false promise. There was a considerable advance in the decade in per capita income and expenditure, but from any other point of view it was a dismal period, unrelieved by dreams of greatness, or even decency. In industrial relations, the years after 1920 are marked by the ascendancy of management and the decline of unionism and welfare.

Before attempting to explain the pedestrian and reactionary

atmosphere of the 1920's, it is appropriate to notice the more favorable developments. For the first time since 1900, there was a clear and substantial advance in the level of real wages (concentrated, however, in Ontario). After 1924, until 1929, there was an approximation to full employment. To the satisfaction of most of the population, price levels were remarkably stable - though it is possible to argue that this is a tribute to monopoly, and that prices should have declined. In the large and American-owned firms, a good deal of welfare capitalism flourished. An Ontario survey of 300 large firms reported to the Canadian Manufacturers' Association in 1929 that 21% of the firms, but with 48% of the employees, had works councils or shop committees; that 61% of the firms had pension plans; 35% had group insurance, 26% had other types of insurance for employees, 25% had bonus systems, and 15% had plans for sale of their stock to employees.⁸⁵

The Canadian Manufacturers' Association has the further credit that its President in 1925, contemplating the outflow of Canadians to the United States, declared that a new policy of Canadian national development was required (but nobody else seems to have echoed this lone voice). The record of governments, also, was not entirely negative. There was a cautious movement towards meeting a long-standing labour objective, enforcement of the 8-hour working day - made difficult by the fact that under the existing interpretation of the constitution the question was mainly a provincial one, and that each province hesitated to advance beyond its neighbors. The federal government tried to make the Industrial Disputes

⁸⁵Labour Gazette, Vol. 29, pp. 628-9.

Investigation Act more equitable, but was blocked by the Senate. This government also supported a considerable expansion of technical and vocational education - a development long recommended by employers but endorsed only hesitantly and grudgingly by organized (craft) labour. After ten previous defeats since 1895, a Union Label Bill was finally passed at Ottawa in 1927. More important, so was an Old Age Pensions Bill.⁸⁶ In sum, a limited aura of paternalistic social responsibility survived through the 1920's.

It must be asked why, on the other hand, advances were so limited, and basic issues failed even to gain public attention. As a general context of an answer, it must be pointed out that a similar malaise affected the whole of the European capitalist world in the inter-war period, producing slow recovery and a failure to advance in the 1920's, then economic collapse, reaction and war in the 1930's. From a viewpoint of political economy, Ingvar Svennilson's analysis⁸⁷ of this malaise still remains an outstanding contribution. The gist of his findings is that the bulk of European capitalist economy, clinging to the established structure of the nineteenth century in obstinate expectation that the world would again have to conform to it, failed to transform itself to meet the market demands of the twentieth century. Back of the failure to transform lay a failure of capital formation and investment, and back of this a stubborn reliance on the autonomous forces of the market - i.e., a

⁸⁶ Labour Gazette, Vol. 27, p. 379.

⁸⁷ Ingvar Svennilson, Growth and Stagnation in the European Economy, (Geneva, 1954).

failure of necessary government intervention, made worse by the fact that such limited intervention as was attempted tended (in Svernilson's opinion) to hamper rather than help readjustment. From the general indictment of failure to transform some countries are excepted: Sweden, the United States, and presumably Canada. Nevertheless, the general sickness of the international economy, the stagnation of trade, the vulnerability and confusion of money management, the generally reactionary atmosphere supported by a pervasive fear of Communism from which Canada was not immune, retention of the myth that autonomous market forces could be relied on to bring about required adjustments, all affected Canada along with other countries.

Turning to specifics, the extreme deflation of 1921 deserves first attention. It is difficult today to appreciate how this deflation dried up not only the springs of human kindness, but those of human intelligence. A frantic retrenchment, both private and governmental, was the order of the day. One consequence, fatal to the promising interest that had existed in social insurance, was a determination of Canadian governments, especially the federal government, that unemployment was not their responsibility. A Dominion-Provincial conference of 1922 decided that unemployment was the responsibility of employers ("industry").⁸⁸ One factor promoting this evasion was an uncertainty of jurisdiction as courts in the 1920's ruled rather unpredictably in various directions, but usually ended up assigning still further authority to the provinces.

⁸⁸ Labour Gazette, Vol. 22, p. 980.

Meanwhile, employers driven to cut wages in 1921 found labour opposition rather ineffective, and the general tendency in succeeding years - aided by the same ineffectiveness of resistance - was to institute further wage cuts. The coal-mining industry, in particular, was kept in constant turmoil by wage-cutting. By 1925 the progressive industries (meat-packing, automobiles) were able to maintain good relations with labour just by not cutting wages, a practice persisted in by coal companies and many small firms. The eventual decline of this phenomenon depended on a high level of employment in the latter part of the decade rather than on organized labour resistance.

There is no other period, in fact, in which organized labour in Canada has been so thoroughly stagnant, spiritless, and ineffective as the 1920's. There were various overlapping reasons.

The essential one was a change in the differential capacity of labour and management. Before 1920, the differential qualifications of employers and employed had been narrowed. Particularly in the west, but also in the east, employers lacked the mental and moral qualities to command authority, and could only rely on legal title. This, though employers may have been somewhat better equipped than their fathers. For the workers of Canada, especially of western Canada, were a far leap ahead of those who had preceded them, and ahead of their employers in not a few cases.

In a slow corrosive way, events remedied this situation. Many small and inefficient employers were weeded out by competition. The new, large-scale, industries required professional management, and absentee ownership also operated powerfully to promote it. Exactly what

the qualifications for professional management were, in 1905, is very difficult to say. It is plain, indeed, that a good many managers were appointed whose qualifications must be regarded as dubious. But some selection screen is probably better than none. And the general advance in educational qualification in the first two decades of the century must have benefited a good proportion of those who became employers and managers in the 1920's.

The other side of the equation is, of course, the employees. The employees of 1903, or 1908, must be seen as an exceptional race, whose like is not often found. They provided the drive and the leadership up to 1920. After that, their strength was spent. Their presence concealed a decline in the differential capacity and fighting strength of the labour force.

One factor in this was the dilution of the labour force by large inputs of European immigrants. It has been customary to speak of these immigrants in euphoric terms, stressing their fortitude, which was thoroughly demonstrated. The fact remains, however, that an ignorant, uneducated, and highly-exploitable population was introduced into Canada, which gravely impaired the solidarity and fighting power of the labour force.

It is true that other members of the labour force often brought trouble on themselves by their exclusive attitude towards more recent immigrants, allowing and encouraging employers to play off one set of workers against the other. And, in spite of slights and betrayals, new immigrants played their part, for instance in the Winnipeg General Strike. Yet their presence did greatly hamper the imposition of checks

on the arbitrary authority of "bosses." To an extent the same was true of less-sophisticated Canadian workers drawn from rural areas, jacks of all trades and masters of none. They fitted readily into the expanding mass-production industries where their indefinite capacities were matched by indefinite job requirements. But their - often brief - presence was one of the factors hindering union organization of these industries in the 1920's.⁸⁹

Perhaps as important in the decline of labour organization was a drastic drop in some regions in the proportion of young men in the prime of life. This demographic phenomenon was observable in all regions, but it affected the Maritime Provinces and Quebec only slightly, and Ontario moderately, whereas the change was extremely severe in the western provinces. To some extent this was because the western provinces on the eve of the First World War possessed an inordinately high proportion of young men, drawn and retained by expansion there. They also enlisted in the Canadian military forces of the First World War in inordinate numbers and, given the way that War was conducted, they were killed in inordinate numbers. Thus western Canada in at least a relative sense was denuded of young men and, even though it was a supposedly young country, its affairs were predominantly in the hands of old men in the 1920's. If

⁸⁹ It may be recalled that the proportion of the Canadian labour force in agriculture scarcely declined between 1911 and 1921. Indeed, rationalization proceeded slowly also in the 1920's, during which the proportion of Canada's gainfully employed in agriculture declined from 33% in 1921 to 29% in 1931. However, the absolute gain in employment was concentrated in non-agricultural employments and clearly involved a considerable influx from farm areas. (Historical Statistics of Canada, p. 59).

as seems probable, a concentration of young males helped to make the west the centre of labour activity before the First World War, the loss of this youth may equally be accorded importance in explaining the lethargy of the 1920's - the more so as labour organization and militancy revived with the arrival of a new generation of youth in the 1930's. Eastern provinces were much less affected by this dearth of young men, but these had been predominantly areas of labour conservatism, as they continued to be in the 1920's - though here, too, the appearance of a new labour militancy in the 1930's coincided with the appearance of a new generation of young workers.

Various of the factors mentioned - the slow pace of rationalization of Canadian agriculture, dilution of the labour force by new immigrants of limited education and skill, and the very sharp drop in the proportion of young men in the population - fit in with another unfavorable phenomenon. After a fairly creditable advance from 1911 to 1921, the educational level of the Canadian labour force improved only slightly in the 1920's.⁹⁰

These defects no doubt contributed to produce another, the shabby and divided state of organized labour in the 1920's. Neither the unions inside nor those outside the Trades and Labour Congress made significant progress. Partly this was because the stamp of the era was on them:

⁹⁰G. W. Bertram, "The Contribution of Education to Economic Growth," pp. 14-15, who notes that "The educational attainments of the Canadian and U.S. labour forces appear to have been fairly close to each other in 1911, but the United States began to move ahead of Canada at an increasing rate after about 1920."

with few exceptions both the "international" and "national" unions, like the new race of professional managers, were long on technique but short on philosophy. Wage-earners themselves were confused, apparently apathetic, and not a little intimidated. While the unions in the best position to act, those of the Trades and Labour Congress, were distressingly inert, it is doubtful whether they would have got much further by action than they did by inaction unless their ideas and methods had been refurbished.⁹¹ As it was, they failed either to build a general system of autonomous collective bargaining or to get (or ask for) a system of industrial relations supported by the state.

While the professional managers of large firms were thus left with an unchallenged if not impregnable position, it was rather the voice of the small, backward-looking, employer that asserted itself as labour effectiveness declined. The 1924 legislative program of the Employers' Association of Manitoba appears to have been representative of a wide body of employer and general opinion. It called for a prohibition of strikes in public utilities, protection of agreements between employers and workers against arbitrary violations, prevention of arbitrary restriction on production, prohibition of "peaceful picketing," prohibition of strikes before negotiation and mediation, incorporation of all unions, protection of the right to the "open shop" and of the right of workers to remain outside unions.⁹² The program, thus, was fairly

⁹¹The dilemma of the A.F. of L. unions is well brought out in Sidney Fine, "The Origins of the United Automobile Workers, 1933-1935," Journal of Economic History, Sep. 1958, pp. 249-282.

⁹²Labour Gazette, Vol. 24, p. 89.

similar to that put forward by the Canadian Manufacturers' Association in 1902, but with a much more hostile and provocative tone towards any presumed right of workers to organize and bargain collectively.⁹³

In assessing this expression of opinion it may be noted that Manitoba by this time had a farmers' government dominated by men with a "kulak" outlook, and that most other provinces had acquired governments of a rather similar type. Hence a reactionary rural ideology exerted considerable influence in the 1920's (a rather similar phenomenon being observable in 1968). This ascendancy appears to have occasioned a major irritation to labour in the period, a revival of government promotion of immigration, ostensibly in the interest of further agricultural settlement but mainly with the object of making immigrant labour available to farmers at harvest time. The harm done to resident wage-earners may have been slight, but the policy was indicative of the routinized hold of old policies (the possibility and value of further agricultural settlement), and of contempt for either the interest or the influence of labour.

In general, it would seem that "survival" is the key to this period. An exhausted generation, made acutely aware of the uncertainties of life by a great war, a great confrontation of labour and capital, a withering depression, and a gloomy unsteady world outside, set its sights no higher than getting by in a predominantly material sense. In terms of this limited objective, it was a substantial achievement that real incomes became higher and fairly steady. Social consciousness and

⁹³Labour Gazette, Vol.

satisfaction revolved around evidences of rising private expenditure, without apparent care for the serious neglect of public expenditure, especially for education and welfare. Nor was there much evident concern that Canadian trade had become dangerously concentrated on the American market, and that foreign, mostly American, owners had monopolized the main and especially the new industries. Indeed, in an age of isolationism compounded of revulsion from Europe and a certain child-like awe of a Hollywood conception of the United States, there appears to have been considerable relief that Canada's interests were so safely confined within the healthy environment of North America.

In this conserving atmosphere, old ideas made better headway than new ones. More rather than fewer people accepted the beneficence of free market forces and the pursuit of individual self-interest. Ancient conceptions of industrial relations also revived and flourished as Henry Ford became a modern version of the noble squire, dispensing munificence to grateful employees who would have been churlish indeed to question the motives, much less the authority, of their patron. Only a few misanthropes talked darkly of a new industrial feudalism, and they were not dangerous because nobody listened to them.

The 1930's

It is not intended to review here the course of the Great Depression, but two paradoxical features of its period deserve attention. One is the confusion, the narrowness and the short-sightedness displayed by Canadians in fumbling ineffectively with their problems. The other

is the resiliency of a population which, in spite of (or because of) the disabilities it suffered, groped towards solutions and emerged at the end with a backlog of constructive energy, little used in this period but flowering into effectiveness in the next. These contradictory phenomena are the more worthy of attention because they survived this era, reappearing after 1950 when again the catastrophes earned by incompetent public management have not infrequently been blunted or deflected at the eleventh hour by a certain basic vitality and sense of the populace. In the terms referred to at the beginning of this study, Canada's progress (in industrial relations and otherwise) has been hampered by an exceptional durability of "cultural lag," but there has been a capacity to achieve a "cultural adaptation" in the end. The vicissitudes of the 1930's exposed both lag and adaptation more clearly than usual.

Of the various groups, employers have the most unsatisfactory record in this decade. Not that, considering their own problems, they were very vicious in the first two or three years of the depression. Many, in fact, appear to have taken seriously the notion of the 1920's that employment was the responsibility of "industry." As far as they could they eased the pervasive unemployment by work-sharing and "make work" schemes.⁹⁴ After that, those that had survived settled into the "dog-eat dog" economy that they felt imposed on them, typically oblivious of the enormous bitterness that was building up among employees.

Greater culpability attaches to the massive obstruction posed by

⁹⁴e.g., Labour Gazette, Vol. 32, pp. 881, 1341, 1247.

employers to solution of the unemployment problem. Like everyone else, employers agreed that unemployment was the central illness, but their actions leave serious doubt that they really wanted anything done to reduce it. They continued throughout the decade to oppose unemployment insurance. In the later years of the decade especially, they were heavily engaged in industrial battles brought about by their refusal to recognize the unions desired by their employees as bargaining agents. A main ground stated for this refusal was that recognition of unions would lead to wage increases, and wage increases would further impede recovery. Relying on the same economic principles, employers stood generally for restriction on government activity and expenditure. A few employers, shocked by the obvious alienation of "their" employees, were beginning to inquire into the mystique of industrial relations, but in general the contribution of employers in this period is remarkably negative.

The record of governments is not a great deal better. Far into the depression, their main energy was devoted to ferocious cost-cutting and attempts to balance budgets. The whole of the decade was not sufficient to induce the provinces to give unanimous consent for the Government of Canada to institute unemployment insurance. Indeed, in 1932 the provinces would not even agree to the appointment of a federal Relief Commissioner. It is important to notice that the provinces which gave most of the trouble, preferring their own presumed jurisdictions and interests to the national interest, were Ontario and Quebec. These are not, of course, the only provinces that have made it difficult for Canada to act like a nation, and by a standard explanation of provincial

behavior they should not even be on the same side, since Quebec is a "have-not" province and Ontario a "have" province. But when Ontario and Quebec decide that Canada is really the old province of Canada, and its destiny to be decided by accommodation between themselves without regard to the eastern and western appendages, as they did in the 1930's and have done recurrently since, the preservation of a Canadian nation - at least from sea to sea - does become a monumental task.

The ineffectiveness of government in the 1930's derived not only from the parochialism of the provinces, but from the paralyzing power of outmoded ideas. Despite some lively schools of monetary heresy in Canada, pointed in the general direction of Keynesian economics, a dominant belief in a self-equilibrating economy hampered effective action. A further hindrance to action resided in Canada's real and presumed dependence on the United States. Combining a maidenly fear of treading where the United States had not already trod with a parasitic notion that American action would suffice for both countries, this colonial attitude was already well-established in the 1920's and was to reappear after the Second World War.

Whatever action might have emerged in spite of this ideological obstruction was emasculated (except in 1935) by the paralysis which Privy Council decisions, and the fear of them, had fastened on governments. Ironically, it was in 1930 that a court declared the Trades Union Act of 1872 to be ultra vires of the Canadian government. A more telling contribution from the courts was to appear in the treatment of R. B. Bennett's "New Deal" legislation.

Mr. Bennett provided one of the two bright spots in the governmental

record of the 1930's. He was, I find to my own surprise, the great Canadian of this decade. Already in 1930 he was enunciating the only principle on which Canada, after the destruction wrought by the Privy Council, could operate as a nation. A problem local (provincial) in nature, he said, might as its severity increased, become a national problem.⁹⁵ His point at the time was that unemployment, for its solution, required the co-operation of national with provincial and local authorities. By 1932, if not earlier, Bennett suggested that national emergencies required the property and civil rights jurisdictions allocated by the courts to the provinces to be overridden.⁹⁶ By 1935, Bennett had proposed a program of national emergency action in keeping with this view. In political terms, the program was a failure: Bennett had delayed action too long and suffered a crushing rejection. Sometimes a successor government entrenches itself by pre-empting the best policies of its vanquished opposition - Laurier took over the National Policy in this way in 1896. However, the Liberal Party was also the traditional party of provincial rights, there was no greatness among the victors of 1935, and they merely referred Bennett's emergency legislation to the courts, which in due course rendered the unfavorable verdict expected of them. The verdict has been held to decree that there is no catastrophe except war which can justify the Government of Canada in exercising its constitutional responsibility for the peace, order, and good government of Canada. If this really was the meaning of the decision,

⁹⁵ Labour Gazette, Vol. 30, p. 1051.

⁹⁶ Labour Gazette, Vol. 32, p. 1306.

it has been perhaps the single event most inimical to the survival of a Canadian nation. Bennett, for his part, is not entirely without national memorials: notably, the Canadian Broadcasting Corporation (1932), The Bank of Canada (1934), and a national system of airlines.

The other bright spot in the governmental record of the 1930's was the Rowell-Sirois Commission on Dominion-Provincial Relations, whose Report appeared in 1940. It suffers from having been a holding and salvage operation rather than a contribution to national development. Its logic was a most elementary principle of civilized government, that the richer have a responsibility to assist the poorer. As a palliative, the grants for poorer provinces recommended by the Commission probably deflected attention from the urgent need for regional and national development, just as public relief deflects attention from the need for useful employment. However, the relief proposed by the Commission was essential enough and, in political terms, its Report represented a considerable victory of national responsibility over a parochial selfishness of really formidable proportions. There is thus an encouraging implication that, when the need is desperate enough, Canadians through their governments are capable of acting like a mature nation.

The record of the 1930's traced so far, of employers and governments, provides little ground for pride. Fortunately, the behavior of ordinary people, wage-earners and farmers, gives a great deal more ground for satisfaction. Of farmers no more will be said except that they bore and protested their undue burdens well. It turned out to be wage-earners, however, who provided the main sparkle of this sorry decade.

Wage-earners did not start out the decade impressively. They still bore the marks of the suppression of 1919-1921 and the mental paralysis of the 1920's. While there was a current of uneasiness beneath, the most obvious characteristic was an apathetic acceptance of an order that provided material benefits and demanded a free hand for employers as the price. Acceptance survived into the first few years of the depression: workers did not dispute with much energy that the unemployment and falling wage rates that beset them were the inexorable fruit of economic laws beyond control of man, as leaders of business and government said they were. A pervasive Canadian masochism should not be overlooked in this. Rooted somewhere in the fundamentalist religion that had been the heritage of most Canadians, the conclusion has come easily that hard times are a merited punishment for enjoyment of good ones, and that hardship constitutes moral therapy. The useful side of this characteristic is a capacity to carry through to salvation against heavy odds, not without pride and pleasure in doing it.

On the other hand, life should not be all hell either. Canadian workers felt that they had paid for their sins by 1933, and were entitled to the fruits of their penance. In more ordinary terms, apathy had been replaced by an enormous sense of grievance, the sharper for having to be sternly suppressed. And it grew as foremen and employers - who, to be sure, had grievances of their own - took advantage of employment conditions to exploit and abuse workers on a scale probably not matched at any other time in the twentieth century.

Of no less importance, in the view of the writer, was the

transformation of the empty-headed population of the 1920's into a race of students and philosophers. This change had little reference to formal schooling, which remained minimal as various studies have been at pains to show. It occurred because the motivation of insecurity and a surfeit of leisure was used by workers, to a surprising extent, to make themselves by study and conversation into rough-hewn scholars.

What came out of this was another narrowing of that gap between the capacity of workers and employers (who made no noticeable mental or moral progress in the 1930's), on which the authority of employers ultimately depends. The narrowing in this case went very far. Almost to the present day, it has been commonplace for employers to say, in effect, that the labour negotiators with whom they have to deal are much too smart for them. And these negotiators, again up to the present day, have been by-and-large the leaders produced by the 1930's. But it would be wrong to look only at the quality of leaders. At least as important was the self-education of what were to become the local officers and ordinary members of new unions.

The effect of these changes appeared only sporadically before 1935, or even 1937. It was a time when the craft unions remained moribund, and no major impetus to industrial unionism had yet appeared. The organization of the unorganized, even in the midst of depression, was promoted almost alone by the Workers' Unity League which, while it had its victories could hardly be called a major force. Governments were unsympathetic and employers violently hostile. What is remarkable is not the hostility, but the facts that so much union activity took place

despite all difficulties, and that some of it achieved a measure of success. These are the signs that a new situation existed.

The real flowering of this suppressed emotion and intellect came in 1937, and particularly among workers in mass-production industries. If the ingredients of this explosion had been for several years present, two special factors made 1936-1937 the ripening time. One was the demonstration effect provided by the upsurge of C.I.O. unionism in the United States. The other, shared with the United States, was the business upturn of 1937 that reduced the risks of union action and increased the opportunity costs of work stoppages to employers. But it is important to note that the Canadian unionism of 1937 did not depend on favorable legislation or sympathetic government. It is important because observers of American events are addicted to the post hoc ergo propter hoc conclusion that the union growth of the late 1930's was a product of the Wagner Act and a friendly Roosevelt administration. Strictly from the viewpoint of historical scholarship, it is fortunate that Canada had no Wagner and no Roosevelt, to show that its union growth depended on neither, and that the usual interpretation of events in the United States is almost certainly erroneous as well. What Canada had was governments whose ideas of industrial relations had changed little from the 1920's, and a hysterical opponent of unionism in the person of the premier of Ontario. In some sense, unions enjoyed a favorable public opinion in Canada but, as the character of governments indicates, it was a limited and congested favor.

As in the United States, a worsening of economic conditions

severely dampened union growth in Canada after 1937. An enormous energy was thus left only partly exploited. When a new situation finally allowed release of this pent-up drive, it served not only renewed union growth but the war effort and war economy as well. But, even in the 1930's, the united efforts of wage-earners to improve their and the country's positions gave a vitality and touch of greatness to a period that, from any other point of view, must be judged to show one of Canada's worst records.

As for industrial relations, they remained largely an unresolved relationship up to 1939. Wage-earners to a remarkable extent had made their adjustment, and were living in the present, or even in the future. On the other hand employers, by and large, were living in the past. The same limitations which made them unable to see how far they lagged in the efficiency of their industrial relations prevented them from appreciating how little right to authority remained to them in terms of differential capacity. Some, to be sure, were exploring new thoughts about human relations, but this did not have a great effect in the 1930's on the actual, uncomprehending, dealings between employers and workers. The "cultural lag" of governments was not less, and perhaps rather greater. The grotesque constitution which court decisions have fastened on Canada bears some responsibility for this: the provincial governments which have been awarded the greater part of the labour jurisdiction tend to be mesmerized by the supposed attractiveness of low wages to investors, and to be terrified that some other province will have lower ones. The rural weight and bias of the electoral system was also a factor: not because farmers were notably unsympathetic to wage-earners

in the 1930's, but because "rural" constituencies tend in fact to be dominated by small townsmen perennially suspicious of any challenge to an unlimited employer authority. Finally, Canada has demonstrated a surprising capacity to put and keep in power political leaders whose views on labour questions were formulated in remote times and conditions. At the onset of the Second World War, therefore, a strong new force forged by depression existed among workers and had half revealed itself, but it faced a most formidable array of interests and attitudes opposed to change.

CHAPTER 4
A GREAT LEAP FORWARD, 1939-1947

If an estimate of Canada's quality and prospects had to be based solely on the record of the 1920's and 1930's, no objective appraisal could say that the country's future was promising, or its people very deserving of a bright future. An estimate based on the record of the 1950's and 1960's would also have to be on the pessimistic side. Such adverse judgments are made the stronger by the observation that the same forces which inhibited Canada's progress before 1940, far from being overcome, have re-appeared in full degree since 1950. One of these forces is constitutional paralysis, produced by an excessive allocation of powers to provinces that cannot (and rarely try to) act in the national interest, yet warn away the national government from trying to do so. Another factor is the pervasive influence of the United States - substantial in fact and more substantial still in the conceptions of many of Canada's leaders. A third factor is the low level (or neglect of) economic intelligence that still characterizes most of Canada's political and business leaders: perhaps at times owing less to outright ignorance than to a calculation of short-term advantage in perpetuating the mythology of a self-adjusting economy, but not more re-assuring on that account. A fourth substantial inhibiting force may disappear in time: the gross over-representation of rural areas in legislative bodies or, more exactly, the tendency of their representatives to obstruct rather than promote adjustments to the times.

However, it requires great optimism to suppose that urban electoral predominance, when it comes, will overcome all the existing debilitating forces and avoid raising substantial ones of its own. An honest verdict based only on this evidence would have to be that Canada has shown little capability of advancing or even preserving itself.

Fortunately, there stands in sharp and massive contrast to this record the Canadian performance in the period of the Second World War. Not that a war is a happy event. But, like other crises, wars bring out the true capacities of a society; and the showing, in Canada's case, is mostly favorable. What the war particularly demonstrated was the Canadian capacity for adaptation and productive efficiency when the country could be freed by a common and dominant purpose from its institutional straight-jacket.

The crucial freedom was that of the national government from the constitutional restraints imposed by the Privy Council. It is a common interpretation of these restraints that the government is prohibited from dealing with any problem or emergency - except war - in a way that might encroach on powers which the Privy Council has allocated to the provinces. War, on the other hand, has been the recognized emergency to meet which the national government may take coherent national action. Secure in this authority, the national government did take broad and energetic action.

Scarcely less important was a new freedom from the economic shibboleths which, in the name of *laissez faire*, usually prevent

even the most elementary repair of a wheezy economic machine. It was the experience of World War I, in fact, that taught Canadians and others that an economy does not run well by itself in wartime, and an increasing number of persons in the 1930's had pointed out that the same was frequently true in peace-time. At the onset of war, it suddenly became obvious that the volume and direction of investment and consumption as established by the market were by no means appropriate to the national interest, fell far short of potential, and that direct governmental control was required. In the same way, purposeful use of the energy being dissipated in unemployment suddenly became a logical objective. Various other measures necessary to facilitate a maximization of economic efficiency, such as control of prices, wages, and savings, were similarly taken. In general, the management of the war economy represented a striking triumph of economic intelligence. This result was greatly assisted by the catapulting into a commanding position of Keynesian economists, with a far clearer grasp than their predecessors of the strategic elements and relationships of the economy. The dominance of this new economic thought was to last until about 1947 though, unfortunately, not much longer.

The effectiveness with which the Canadian war economy was managed was only made possible by a third freedom, from the usual obscurities concerning Canada's relationship to the United States. It was frequently assumed before 1940, as more recently, that it is either impossible or undesirable for Canada to follow a course of economic action differing from that of the United States. Indeed,

the assumption underlying Canadian economic policy appears to be that it is impossible for Canada to extricate itself from the American economy when the latter is performing badly, and unnecessary for Canada to do anything but ride along when the American economy is performing well. The attitudes in question undoubtedly owe a good deal to the self-interest (as they conceive it) of various Canadian interests who are engaged in trading goods, services, or securities with Americans, and who fear that an independent Canadian initiative might interfere in some way with their returns. The effect of war was to determine that these private interests must be subordinate, at least in principle, to the national interest. It also happened that Canada was engaged in war for more than two years before the United States was similarly engaged: hence, though there was a generally friendly American attitude which facilitated development of the Canadian war economy, a basic divergence of purpose existed. Under these circumstances, it was possible for Canadians to look realistically at their relations with the United States, and to sever or re-arrange the provisions respecting the movement of goods and capital which prevented the independent expansion of the Canadian economy. This re-arrangement was possible, not only because Canadians were ready for once to look at their real economic situation, but because the Canadian economy was (and is) a broad and versatile one capable of a very high degree of self-sufficiency without inordinate economic cost, and with a good deal of internal Canadian advantage. However, Canadians have rarely been willing to acknowledge this

last feature of their economy except in the hard reality of war.

In sum, a war purpose and war constitution suddenly allowed Canadians to dispense with a great many of their sacred cows, or to short-circuit temporarily a good deal of their cultural lag. Freed of this burden and allowed to mobilize their energy, they established very quickly one of the world's most effective national operations.

The success of any great national effort depends primarily on will and spirit and common purpose. Measurable effects must be found, however, in more material forms. Despite the transfer of several hundred thousands of the most active members of the labour force to the armed forces, Canadians were able to raise the real output of their economy by about two-thirds between 1939 and 1944. A great deal of this output went, of course, to serve war purposes. Nevertheless, the personal consumption of goods and services also rose substantially, by about 30% between 1939 and 1944 and considerably more in 1945 as the war effort slackened. Real capital formation was affected by the deliberate running down of equipment, but was about 50% higher than the pre-war level during the war and more than 70% higher in some years. The accuracy of such statistics is dubious in wartime, especially for government investment, and it may be suspected that the real advance of capital formation was greater than the statistics indicate.

In view of a frequent assertion that foreign investment is essential to Canadian development, it needs to be emphasized that foreign ownership did not increase (absolutely) during the Second

World War, or to any significant extent before 1950 (though there was a limited replacement of British by American foreign investors). It was this check, indeed, which has allowed proponents of foreign investment to go on claiming - in spite of the rapid growth of foreign investment after 1950 - that the foreign-owned sector still represented a smaller proportion of the Gross National Product than it had done in the 1920's. This has been a statistical fact. But the reason for it is that the unparalleled increase in output achieved by a purposeful nation under national direction between 1940 and 1950, without significant benefit of foreign capital, reduced the relative weight of foreign ownership from 123% of Gross National Product in 1939 to 49% in 1949. This experience also tested another of Canada's peacetime notions about foreign investment: that it constitutes a vehicle for the importation of "know-how" which Canadians otherwise could not obtain. Strangely, this idea co-exists with a conflicting one, that Canadians - the true north, strong and free - have an ability beyond all others to deal ingeniously with novel situations. This, unfortunately, is also a myth. However, the same circumstances that forbade reliance on foreign capital for the expansion of Canada's wartime economy also prohibited access to the "know-how" supposed to go with it: and if the Canadians did not quite vindicate their true-north myth, they did establish a distinguished record of technical capacity and adaptability.

The greatest gains of this epoch, nevertheless, lay elsewhere than in the statistics of output or the good record of its armed

forces. They lay, first of all, in an unwonted unity of purpose. The purpose had the highly desirable effect of making use of nearly all the country's resources - and thereby reducing the marked inequalities in income of various regions. In particular, the war economy made useful workers of a great many people supposed to be unemployable, and wiped out pockets of poverty. Above all, it provided an outlet for the energy of a generation that had been denied much effective outlet before, though it had made a contribution by way of organizing unions, fostering wider social thought, and creating new political parties. On the other hand, Canada's efforts of the 1940's failed to win more than passive support from a large number of French-Canadians, and some other, smaller, groups - perhaps a third of Canada's population altogether. This raises the question, what Canada could accomplish, if the whole of its manpower could be mobilized for a united purpose. A difficulty about French-Canadians, beyond their hesitation to believe that any war outside Canada was of concern to them, was their generally low educational and technical attainment, limiting the range of use of their services. On the other hand, the general advance in French-Canadian prospects brought by the war, coupled with the failure afterwards to sustain it, provided the original basis of the "quiet revolution".

Labour Relations, 1939-1947

The dominant characteristic of Canada during World War II was its united purpose. But there were various conflicts and lags that jeopardized this harmony, and none with more vitality than those

affecting the theory and practice of labour relations. Throughout most of the War an immovable object - the intransigence of employers - was poised against an irresistible force - the determination of Canadian workers to bargain collectively through unions. Employers were not, indeed, all of one mind. A good many had accepted collective bargaining during the wave of unionism of the late 1930's or earlier. The timid approaches of some of the provinces towards "Wagner Acts" just before the War and the Ontario legislation of 1943 also suggested a changing climate. Yet in this time, as various others, there was a curious anachronism about the outlook of the majority of employers. They seemed to assume that their undiluted authority could not - or, at least, should not - ever change. The national government, relying like the employers on wartime antipathy to work stoppages to prevent exposure of the issue, proved almost equally reluctant to deal with it in any basic way.

A study prepared for the Manitoba Government supplies a useful expression of the views which underlay these positions.¹ Commissioned in 1942 and completed in 1943, the Manitoba study was almost coterminous with a federal inquiry that produced very different results. However, the Manitoba study, somewhat backward looking both by invitation and the preferences of the inquirer, serves to present ideas about labour

¹Province of Manitoba, An Inquiry into Labour-Management Relations with Reference to Governmental Position Therein (W.F. Loughheed, Winnipeg, 1943).

relations that prevailed up to somewhere about 1942. This study, by Professor Lougheed, was essentially legalistic but, in this respect, well informed.

Lougheed declared that the purpose of all labour legislation, not only in Canada but in every other country, was to "minimize industrial unrest".² What legislation, then, would do this? Lougheed quoted with apparent endorsement a verdict that Canada's industrial relations in 1934 were no further advanced than those of Britain in 1910 - the difference consisting "in the extent to which collective bargaining is recognized (in Britain) as the normal method of regulating industrial relations in an industrial economy, in the wider scope of the agreements which are generally on a national or regional scale . . . and in the longer experience of collective bargaining during which administrative machinery has been built up".³ According to Lougheed, Canadian governments were aware that they lagged behind other countries in the development of effective labour legislation.⁴

However, the Lougheed study did not proceed from this point to recommend legislation that would promote collective bargaining: rather, and no matter how inconsistently with the object of minimizing industrial unrest, it went off in the opposite direction. The

²Ibid., p. 121.

³Ibid., p. 105.

⁴Ibid., p. 124.

difficulty is that to recognize the right of workers to representation in determining their conditions of employment "would be encroaching on the right of an employer as an individual to direct his own affairs freely".⁵ This verdict, stated as fact rather than opinion, does seem to mirror accurately the contemporary view of Canadian governments. Other statements elaborating the position include these: "The Canadian system of handling labour-management problems . . . is based on the principle of voluntary arbitration".⁶ "The general feeling . . . has been that conciliation is of no use when forced on an employer, and that beyond conciliation the government cannot force management to accept any rulings which it does not wish to accept. . . ." ⁷

Again reflecting a prevalent attitude, Lougheed appeared to consider that "the right of an employer as an individual to direct his own affairs freely" is less pressing in the cases of "public concerns" (distinguished from "private enterprise" but perhaps including privately-owned utilities). In these cases, "it is perhaps the responsibility of the state to exercise some control".⁸ However, Lougheed went on to point out that intervention in the affairs of a "public concern" may affect other (private) firms, noting also the complications of international unionism and of a labour jurisdiction divided between the Dominion and Provincial governments.

⁵Ibid., p. 120.

⁶Ibid., p. 124.

⁷Ibid., p. 125.

⁸Ibid., p. 121.

In sum, the message is that government intervention in industrial relations should be undertaken with great caution, and preferably not at all. There is no suggestion that intervention might have any other purpose than to minimize disputes, or that the labour legislation that then existed in Canada operated to deprive workers of rights which they should have.

This study was vindicated in one respect: events again demonstrated that labour unrest was the one aspect of labour relations capable of arousing the attention of the Canadian government and public. That increased attention was paid and action eventually taken was due, far more than anything else, to the increasing incidence of industrial disputes and the resulting time losses. These increased steadily from 1939 through 1942, but actual time losses remained less than those of several earlier (peace-time) years and the signs of unrest remained insufficient to stimulate government action. To get action, the events of 1943 were required. The number of workers involved in disputes in 1943 was about twice the number of the previous year - already very high - and much more than in any earlier year of Canadian history (including 1919).⁹ The actual time-loss - a million man-days -

⁹ Number of workers involved in strikes and lockouts:

1919	149,000
1937 (next highest year before World War II)	72,000
1941	87,000
1942	114,000
1943	218,000
1944	75,000
1945	96,000

had been exceeded in a few earlier years but was more than double the loss in 1942 and an impediment of real consequence to a war economy striving for maximum production.¹⁰ The multiplication of disputes, as well as a good many accompanying signs of the times, raised the prospect that unless steps were taken to deal with workers' grievances, the whole economy might dissolve in conflict. In these circumstances, P.C. 1003 was finally wrung from the government and the volume of disputes declined sharply in 1944. The record, then, indicates that the Canadian public and their governments will accept new approaches to industrial relations if the pressure is great enough; but it also conveys the sombre conclusion that the pressure must be massive and must consist in work stoppages.

The attitudes behind these phenomena can be explored further, and because they are important and long-standing, they deserve this attention. The question might be phrased this way: why did the people who managed Canada's war economy, and who did so with a great deal of ability, conscientiousness, and even sensitivity in some respects,

¹⁰"Time loss" from strikes and lockouts in 1919 was 3.4 million man-days, which greatly exceeded all previous years and subsequent ones also up to 1946. From 1921-1925 the losses ran at about a million per year: they were usually in the order of 250,000 man-days per year from 1926-1940, the highest number being 886,000 in 1937. Wartime losses were as follows:

1941 -	434,000 man-days
1942 -	450,000
1943 -	1,041,000
1944 -	490,000
1945 -	1,457,000

display indifference or plain negativism in the area of industrial relations? Why was there not devoted to this aspect of the economy some shred of the constructive thinking applied to others?

It was certainly not for lack of ample warning, aside from the record of disputes. For the first year or two of the war the abundance of spare resources prevented serious pressures from developing, but the trends to a different sort of economy were proceeding strongly and were highly visible. One was a very rapid increase in employment in manufacturing, which doubled between 1939 and the end of 1942. This involved a massive transfer of workers from other sectors, especially agriculture, into manufacturing - the total of the civilian labour force remaining approximately unchanged throughout the war. There was, therefore, a shrinkage of employment in sectors little affected by industrial clashes and a massive growth of the manufacturing sector in which the conflicting attitudes of employers and workers over the issue of collective bargaining were at their sharpest. Following from this and from labour discontent was a rapid rise in union membership, which was more than 50% above the 1939 figure (359,000) by 1942 (578,000), and more than 100% above it by 1944 (724,000). Discontent fed both on the backlog of grievances from the 1930's and an ample current supply, and a tight labour market invited its expression. None of this was unknown, and there was also available for consideration the similar experience of World War I, on which the authorities were ready to draw for lessons about many other things. Yet response was limited to infuriating platitudes until the appearance of P.C. 1003, and the Loughheed Report appears to be a fair reflection of official attitudes.

The trouble was that the war managers, for all their good points, lacked knowledge of and sensitivity to industrial relations; or, alternatively, that persons possessing such knowledge and sensitivity were denied much influence on policy. The same has been true at other times - it is a constant problem, which is the reason for pursuing it. The advantage of viewing it in a wartime context is that it stands out starkly and is easier than usual to decipher.

The character of the difficulty may be approached by noting what the war managers did well. They had indeed taken notice of the experiences of 1914-1918, and observed that the unrest of that period was aggravated by a failure to control prices in conditions of rapidly-rising demand, with consequent decline and erratic behavior of real wages. They therefore perfected a control system that protected real wages, even allowing modest increases, and at the same time minimized feelings of inequity by protecting the historical structure of wage rates. These measures did not prevent the economic burden of the war from being placed squarely on the shoulders of the country's wage-earners. Their share of national income declined sharply, while the shares going to profits, rents, and interest were well-maintained, and farm income was exceptionally buoyant. However, the main burden of war must be on wage-earners in a modern economy, taxation served to spread the burden to some extent, officials might consider that they had given as much protection as circumstances allowed to workers' material interests, and it is doubtful that dissatisfaction with wages was the mainspring of worker discontent.

The real trouble was that the war managers recognized no other interests than material ones. The traditional philosophy to which they were addicted holds, indeed, that there are no other real interests. It is particularly common for such men, with small knowledge of labour matters or of how workers think, to reduce every question to a simple one of self-interest. They are the people who know that workers do not really want the non-material things they say they want, but are only asking indirectly for higher wages. It was therefore pointless to give other things, and the managers of the war machine could not give the real thing - higher wages. Hence, imprisoned in their hedonistic ideology, as well as the legalistic notions reviewed in the Loughheed Report, they failed to respond to the challenge of industrial relations until forced by a threat to something within their comprehension - output. Even then, the response was a grudging acquiescence to forces little understood. With an authoritarian view of the industrial structure, the war managers regarded collective bargaining as an interference with, rather than a great potential contribution to, the efficiency of production. A secondary part of their mythology consisted in a view that a great deal of the trouble was caused by unions (union officers) subverting honest workers who would not otherwise have thought of asking for better terms, still less interfering with management's right to operate as it thought proper. Spontaneous strikes of unorganized workers may have shaken this view, but can hardly be said to have overcome it. The war managers, then, far from trying to utilize the energy and intelligence

released by collective bargaining, tried to confine it as much as possible, though some slipped through anyway.

A similar point must be made concerning the notorious refusal of the wartime administration to give organized labour any significant role in wartime administration, or even to consult seriously with it. The negativism of this policy is the more striking because of its contrast with the contemporary policies of other countries, particularly Britain, where there was a genuine effort to mobilize the energy and spirit of labour in support of the war effort. The co-operativeness of Canadian labour, both leadership and rank-and-file, was therefore abused to perpetuate an arbitrary and often ill-informed administration by decree, rather than used to construct the more sensitive and efficient one that could readily have been achieved.

War events were serious enough, eventually, to shake the position taken, but not serious enough in Canada to bring about genuine re-thinking. The contribution to this result of limited and narrow understanding of industrial relations has already been noted. Further back, the problem was the traditional one of authority that based itself on legality rather than capacity, and (partly for this reason) preserved small awareness of how slight and non-exclusive its entitlement by differential capacity was. In this respect, the attitudes of employers were very similar to those of government officers - inevitably, since the latter derived from the former. Like their governmental counterparts, private employers worked hard enough themselves at advancing production, but showed little interest

in the gains which a co-operative mobilization of effort with labour could have brought. Their efforts, too, were to prevent rather than promote assistance from labour.¹¹ Rather, they took extreme advantage of government controls over wages and labour and of the reluctance of labour to strike, to improve their own returns and, particularly, to deny union recognition. It is true that, when P.C. 1003 did come, the Canadian Manufacturers' Association was advised philosophically (in 1944) that it was probably quite a good thing, since a general regime of collective bargaining might be expected to head off something worse, a continuation of extensive government intervention in the economy.¹² But the parochial nature of this enlightenment and the apparent inability to place emphasis on the general social advantage even at the height of a war also has to be considered. Here, as elsewhere, the basic difficulty of industrial relations in Canada comes out: the remarkable reluctance of employers, and of government officials who think like employers, to contemplate any modification of their traditional positions. An interesting side-issue is what the Canadian economy might have accomplished between 1939 and 1945 if it had not been hampered by the deliberate exclusion

¹¹Cf. Anton, The Role of Government in the Settlement of Industrial Disputes in Canada, p. 99.

¹²Labour Gazette, Vol. 44, pp. 927-929.

of labour (and the voluntary abstention of many French-Canadians) from active participation. There is no solid answer, but it is safe to say that the potential of Canada has never yet been tapped.

The McTague and Cohen Reports¹³

The immediate background of P.C. 1003 of 1944, Canada's first legislative advance in industrial relations since 1907, and the step by which the mounting labour unrest of the Second World War was finally assuaged and brought under partial control, was the majority and minority reports of the (second) National War Labour Board. This newly-appointed Board was directed in February, 1943 to inquire into and report on labour unrest and the steps that might be taken to bring about better labour relations. It held extensive hearings from April to June and reported in August, 1943, though the government did not see fit to make its report public until January, 1944, as an immediate prelude to P.C. 1003. The Reports and evidence are public documents which do not require review here, but the conditions and implications of this development are important to appreciation of the background of industrial relations in Canada.

The appointment of the new Board and the inquiry assigned to it represented recognition by the government of two things: that the

¹³Canada, National War Labour Board, Report, 1944 (published as a supplement to the Labour Gazette, February, 1944; also Canada, National Labour Board, Proceedings, Nos. 1-13, Ottawa, 1943.

preceding Labour Board had performed in so unsatisfactory a manner that it had lost public confidence, especially any confidence of labour; and that labour unrest had become very widespread and intense and demanded attention - though it appears that the government had more in mind the therapy of letting people expound their grievances than the therapy of actually doing anything about them.

The grievances were manifold, and derived from the mismanagement of almost every aspect of labour affairs. To an extent this result was due to sheer incompetence and muddle. To an extent it was due to short-range improvisation without benefit of long-term plan or basic thought. But predominantly it was the result of defects already noted, the ignorance of labour matters and the uncomprehending hostility to unions which permeated the managers of the war both at the political and civil service levels.

The bewildering proliferation of Orders-in-Council, all ad hoc and frequently inconsistent, was itself a grievance, to management as well as labour. And there was scarcely one of them that did not contain an unnecessary affront and provocation to unions. The numerous Orders that ignored labour representation on substantive boards (as distinct from the unconsulted "advisory" ones) have already been noted.

Then there were the numerous Orders about wages. The original conceptions of these, derived from Professor W. A. Mackintosh, were appropriate enough to the time he expressed them, in 1940. And some of the ideas of representatives of organized labour, which supposed

that free collective bargaining could be maintained in a regime of economic controls, simply had to be rejected. But the war managers never grasped a key point, that the Canadian worker was ready to bear his share of the war burden and more, but within an equitable system. They harried him by insisting on the grossest inequities: refusal to re-consider the very partial application of cost-of-living bonuses until very late in the war; a transparent manipulation of the "cost-of-living" index; a parochial concern for "local" wage rates which missed completely the idea of what a planned national economy should be about and even the economic implication of full employment; an exaggerated tenderness for the "ability to pay" of employers. There were also questions of the psychological effects of taxation, of "equal pay" for women workers, and of the conditions of employment to be expected by workers transferred by government order, to which intelligent answers were never given. In sum, the handling of wage issues in the Second World War amounted to a classic example of hide-bound thinking.

The handling of industrial relations was rather worse, if only because its defects were deliberate. P.C. 2685 of June, 1940, expressed government endorsement of the right of workers to join unions and bargain collectively. Subsequent orders and events demonstrated repeatedly that the government did not believe in any such thing, but, instead, in unilateral determination of employment conditions by employers - not only for private employers, but for Crown corporations also. Emphatic exposure of this attitude and a crystallization of public feeling about it came with the Kirkland

Lake strike of late 1941. The issue was simple, whether employers would recognize and bargain with the union to which their employees belonged. The government failed to insist that they do so, and the recognition bid was defeated. Not content with that, the government chose this time to introduce the insulting requirement of a compulsory strike vote as a condition of a legal strike. The course chosen by the government may have depended, in part, on the view that gold mining was not really essential; but since the government itself had declared otherwise this excuse is scarcely adequate, and the logical connection in any case is unclear. The deduction that seemed appropriate, and the one widely drawn, was that the war managers put a higher value on the traditional rights and presumed class interests of employers than on the efficiency of the war effort, and proposed to deny the right to union recognition and collective bargaining indefinitely. After this blatant demonstration of the government's attitude, such confidence as labour had had in the government was further diminished, and labour unrest increased rapidly. So much so that by 1943 the government was prepared to recognize that there was a problem. This is the background of the McTague and Cohen Reports.

In many ways the most instructive Report was the minority one submitted by J. L. Cohen, who regarded himself with a good deal of justification as the voice of labour. This Report was a valiant effort to explain to the war managers and the public what the conditions of a national planned economy involved in the management of labour - a lecture perhaps not much appreciated, but certainly needed. It is of prime interest that the dominant voices of

organized labour, innately conservative but not overwhelmed by the parochial traditions that strangled Ottawa, shared many of Cohen's conceptions of the war and post-war Canadian economy. It was presumably so that he could expound these conceptions that Cohen insisted on a separate Report, though his defection may also have helped to push the McTague Report in a reformist direction. The provisions proposed for collective bargaining were similar to those of the majority Report - both derived from the Wagner Act - but Cohen was the sounder on details, a fact sufficiently obvious that some of his proposals were adopted in spite of the hostility of officialdom towards him. It would be fair to say on the other hand that Cohen was not only dealing with the war problem, but laying out the elements of a brave new post-war world -- a vision that not only found small sympathy among officials and employers, but which they correctly rejected as having no relationship to what was actually going to happen in Canada.

The majority McTague Report was the voice of conservatism and officialdom. What is of particular interest, therefore, is the extent to which the course of events and the author's appreciation of them led to what, from the viewpoint of conservative officials, was a pretty revolutionary document. The Report recommended a system of compulsory collective bargaining, labour-management co-operation at a national as well as local level, genuine labour representation on government boards, and serious attention to the wage inequities complained of by labour. Some of the details, such as judicial

enforcement of compulsory bargaining, are not admirable, but the necessity of a bold new initiative in labour relations was made exceedingly clear.

Important also to the general aspects of industrial relations are the unfavorable remarks of the McTague Report about employers (there were some biting comments, as well, about government administration). In reviewing the historical record, the Report made such observations as these: "Generally speaking, the great mass of employers, until comparatively recent years have employed all weapons in their power to resist and discourage the trade union movement. . . . Until comparatively recent years we have been in the main an agricultural country. That factor, together with the resistance to the movement by reactionary industrial employers, induced by the fear motive or other even more selfish motives, have served to hold in check any widespread advance in the movement of trade unionism. . . . It is perfectly natural that labour should have felt generally resentful in such circumstances. . . . The industrialists who condemn it (aggressive unionism) must accept a large measure of responsibility for it."¹⁴

¹⁴The McTague Report also contains much criticism of unions, but I do not think it deserves particular notice. First, I do not think that the author considered labour to be very culpable (in contrast to the sincerity of his criticism of employers), and inserted his strictures on labour for the purpose of having a "balanced" report. Secondly, the sins ascribed to labour are not original but the reactions of persons who have been too long abused.

P.C. 1003

The McTague-Cohen Reports and the pressures that produced them led finally to P.C. 1003 of February 17, 1944. It sufficiently recognized the principle of compulsory collective bargaining that labour unrest was greatly reduced, and Canada was able to proceed through the remainder of the war with a fairly coherent industrial relations system. Labour-management production committees were also promoted - with rather spotty results dependent primarily on the varying attitudes of management. There was more serious attention to labour representation on policy-making boards, and some steps were taken eventually to reduce the inequities and localism of wage policies.

Yet the dominant fact about the new order was that it was not accepted gladly, or with any appreciation of what Cohen had said about a national economic effort mustering the resources of labour. Rather it was instituted grudgingly, by a reactionary government driven into a corner but still determined to preserve the unilateral authority of employers and relegate labour to a subservient position as much as possible.

One evidence of this attitude was the insult to labour and the public generally of suppressing the McTague and Cohen Reports from August, 1943 to January, 1944. Another was a remarkable solicitude for the views of the provinces, which the delay and secrecy were supposed to be about. One could readily despair of a country which, even in the midst of a great war, considers it more important to ascertain the predictably hesitant views of the provinces than the

views of labour, and of a government which would resort to such means to delay and avoid action. Then, there are the peculiar conditions attached to compulsory collective bargaining in P.C. 1003. It had, indeed, the basic structure of the Wagner Act, as both majority and minority Reports had recommended. But for what reason except a fundamental hostility to unions and collective bargaining would union recognition be made dependent on a majority of votes, not from the voters, but from a presumed electorate? No less dubious was the provision for dealing with unfair practices. The Cohen Report had recommended a Board remedy, the McTague Report a judicial remedy. P.C. 1003 provided a system of relying on both, which operated so that unfair practices were prevented by neither. Of less practical importance but more revealing, the Order required bargaining rights to be vested in individual persons rather than named unions. In doing so, it harked back to the most ancient suspicions of unions and concern for the supposed non-union workers who might seek representation (they were also provided for in the I.D.I. Act).

P.C. 1003 and Employers

It cannot be said, either, that the outlook of employers advanced notably during the war years, notwithstanding the rapid developments of the period. As practical men, employers appreciated that compulsory collective bargaining was imminent, and they accepted it with a certain amount of grace when it came. But employer organizations went on opposing it to the last. The positive advantages of collective bargaining and a more sophisticated system of labour

relations seem to have remained outside the consciousness of most employers.

This outcome is consistent with the Canadian experience in other periods, and it carries - or at least suggests - an important corollary. It is familiar that social changes occur in many aspects of life by a sort of evolving consensus, so that formal and legal expression of a new situation is not an initiating process but merely a final recognition of what exists. Within limits, industrial relations could be said to evolve in this way, as when a group of workers attempt to practice or do succeed in practicing collective bargaining. But what has been a great deal more obvious in Canadian experience has been the sheer immovability of the great bulk of employers by any kind of social pressure except direct command of the state. This phenomenon is not confined to labour relations: it has appeared even more clearly and consistently in the record of social welfare measures, nearly every one of which has had to be stuffed down the unwilling throats of employers, notwithstanding that a few years later many of them would agree that the measure was desirable and say they would not willingly be without it.

What appears to follow is that, in the case of industrial relations -- and in respect to most employers -- no great amount of advance can be expected from evolving practice. In this case, rather, state direction has to come first. The usual danger of precipitous action, that it will be too far ahead of public attitudes, is somewhat irrelevant here. The point is that employer behavior can only be

brought into consistency with prevalent attitudes and public needs by state direction. A compensation is that employers generally, while extraordinarily resistive to voluntary adaptation, accept pragmatically and soon adapt themselves in a "letter of the law" sense to the new conditions of their environment; indeed, will reach a realistic if unenthusiastic appreciation of its advantages. This, at any rate, appears to be the conclusion to be drawn from experience with P.C. 1003, as well as American experience with the Wagner Act that provided a great deal of its inspiration.¹⁵

The End of the War Era

The very good performance of the Canadian economy that characterized the war period carried on for a few years afterwards. The situation was favorable, it has often been pointed out, in that world markets were starved for goods and most of the serious competitors were

¹⁵ While the subject of inquiry is "defence and disarmament" rather than industrial relations, some insight on the way the thinking of employers differs from that of others in Canada, both other "elites" and ordinary citizens, was provided by John Paul and Jerome Laulicht, In Your Opinion, Vol. I (Clarkson, Ontario, 1963, Canadian Peace Research Institute). In this survey the "businessman" sample was very much older than any other, which may be typical and significant. Its responses could also be said to show more hard-boiled realism than those of other groups, but less concern than any other group for the general welfare, and a particular resistance to the idea that state action may be beneficial.

temporarily out of business, very much on the buying rather than selling side. However, this enormous imbalance of supply and demand was "favorable" only in a context of energetic and (by previous standards) enlightened national policy in Canada and elsewhere: a rather similar situation after 1918 when vision was lacking was much less favorable.

The central reason for Canada's good showing until about 1950 was that for a while the country retained the machinery, and still longer the posture, of the national economy which the war had developed. The momentum of this economy, the pride which Canadians took in it, their desire for continued national development, could not be overcome for some time by the divisive forces that re-appeared with peace. Some check was temporarily put on these also by what might be called an historical accident: that though sound steps had been taken to prevent the "inevitable" post-war depression, many influential people did not expect them to work, and their anticipation of imminent collapse staved off demands for the deflation of the economy that would have produced it. With this room for manoeuvre, what particularly provided a focus of purposeful policy in Canada until about 1950 was the design to maintain high employment - and accomplish other useful social purposes at the same time - epitomized in the White Paper of 1945. Not only the goal but the Keynesian terms in which it was derived and briefly pursued implied national interest and national development. The capacity of the Canadian government to take effective action on behalf of the nation was still retained in 1949, when the government

moved energetically to protect the Canadian balance of payments from unexpected strong pressures. Up to this time growth had been rapid, unemployment low, and no significant increase had occurred in foreign ownership of Canadian enterprises since 1930. Scarcely thought an outstanding year at the time, 1949 was to remain a high-water mark of satisfactory growth and independence.

The second most important fact of this era was the clash that occurred between capital and labour concerning the nature of the post-war world. The year 1945 did not resemble 1919 very closely even though some people, apparently including the Minister of Labour, thought otherwise. But there was a similar militancy of labour built on a similar backlog of frustration and a similar (but much more realistic) determination that the post-war world would be much improved in comparison with the pre-war one. In particular labour wanted the advance of wages and the shortening of hours that it felt had been prevented by wartime controls, and delivery of the collective bargaining system, including union security, that seemed promised by P.C. 1003. Labour also wanted a comprehensive social security system, but when the government of Canada failed to deliver one, organized workers quickly set about obtaining private systems from their employers.

The militancy of labour of 1945 and 1946 was met by a militant front of employers, and many battles were hard and long. In retrospect, it may be difficult to see why employers resisted wage and hour improvements so stubbornly, giving the impression, in the somewhat exaggerated phraseology of labour, that they wanted to set back the

clock to 1939. An important reason seems to be that employers expected the traditional post-war deflation and depression followed by cut-throat competition for internal and external markets - not very surprising considering that many economists, apparently unable to believe in the monetary and fiscal counter-measures planned by their own kind, expected this too. But ideology also played an important part in the attitudes of many employers. Those who let collective bargaining be thrust upon them in the letter (and some, of courses, resisted even this) often refused to yield an inch to its spirit. It was this fact that made union security so difficult an issue, for just as labour spokesmen regarded acceptance of union security as an inseparable corollary to acceptance of collective bargaining, employers determined to give nothing to collective bargaining that the law did not require found union security a convenient ground on which to carry on their resistance. Beyond this, a factor in the post-war strikes was the determination of some employers to re-assert their traditional unilateral authority.

On the whole, unions won these post-war battles and, on the whole, it was fortunate for the economy that they did. The gains made by labour in wages and hours were well within the capacity of the economy to bear, and perhaps necessary for the maintenance of aggregate demand. But they were large enough to help spur employers to improve efficiency. They also served, along with more systematic and equitable procedures, to ventilate and dissipate much of the bitterness that permeated the labour force. No less important was the contribution to the general strengthening of society of a solid union membership that expanded fairly steadily up to 1949, when the total

stood at one million organized workers, as against 700,000 in 1945. The contribution of government to the new social coherence was negative, but important. There was no recurrence of the suppression of labour by law and force, as in 1919, or decimation of it by sharp deflation, as in 1921, either of which would have produced a much worse period of unarticulated social groups and new reservoirs of frustration.

One more feature of the immediate post-war period needs mention: a gradual change in the character of employers. It has been pointed out that war-time Canada inherited a highly reactionary body of employers who were little softened (perhaps hardened) by their wartime experience. It was this same group that responded with minimal enthusiasm to compulsory collective bargaining, and fought the immediate post-war strikes more or less in defiance of that principle. It has also been pointed out that differential capacity as between employers and employed had narrowed dangerously in this era. If the inadequacy of employers made it inevitable that they would try recurrently to re-assert their traditional exclusive "prerogatives", this produced also an inherently unstable base for labour relations.

The years after 1945 did bring a substantial improvement in this situation. The end of the war provided an opportunity for the oldest of the old-guard to retire. More intelligent employers had been re-thinking their positions during the war, and more did so when convinced that unions had come to stay, often taking account of the new doctrines of labour relations devised to explain and exploit their

new "organized" situation. Indeed, the re-organization of management to meet the new situation, at least by establishing a personnel department and down-grading the arbitrary authority of foremen, was a common feature of the larger and professionally-run firms. These changes went along with a rapid rise in the educational qualifications required of managers and, especially, of apprentice "junior executives". The change was not without its penalties such as the block inserted to advancement from the ranks, and the extraordinary capacity of "college boys" who have never served in the ranks to be obnoxious. But it does appear to have accomplished its purpose of producing managers with much broader knowledge and much greater mental flexibility. So much so, indeed, that the differential capacity required to support managerial authority had been widely re-established before the 1950's were far advanced, and it was not infrequently labour representatives who stood at a disadvantage.

These references have necessarily been to managers, not employers: the new order was really relevant only to managers selected by presumed ability to manage, and not to employers selected by fortuitous circumstances. A very real problem remained in the 1950's (and remains still) of self-appointed employer-managers who could not or would not fit themselves for the new system of industrial relations, and had no advantage of differential capacity to balance against the solidarity of a union or the mental agility of its spokesmen. They therefore tended to reject the system and perpetuate traditional non-union (and non-"human relations") authoritarianism, with a good deal of covert assistance from governing agencies and courts. Since this type

of employer is often coincident with an equally retarded labour force, in small centres or the obscure unwanted employments of cities, the double standard of labour relationships that results may not do much obvious harm. It is nevertheless one of our great untreated problems that we maintain distinct levels of the labour force - the relatively affluent organized and the underprivileged unorganized - and obstruct the escape of the latter from their fate. The solution to this problem is bound up with the solution of many of our "two-nation" problems; not just the "French-English" problem but the regional disparity problem, the marginal farm problem, the Indian-Metis problem, as well as the "urban" problem. It will be unfortunate, though traditional, if our next steps in industrial relations only cater to the wheels that are squeaking loudly, and pay little attention to the relatively silent mass whose common denominator is poverty - of pocket, mind, and spirit. For many of these, the war years of national planning and full employment were their finest hour - in that extremity, there was some actual concern about them. A truly civilized society would be able to care as much in peace-time.

CHAPTER V

THE DIRECTIONLESS STATE, 1948-1967

The purposeful nation-building that marked Canada in the Second World War period subsided in the late 1940's. Since that time, the dominating features of the Canadian scene may be reduced to two general phenomena. On one hand, and in keeping with the rest of the world, Canada has been going through a rapid and profound social revolution. It has produced a style of life that is markedly more urban, more sophisticated, and more uncertain of its direction than that of earlier societies. Here, the emphasis is on change. In economic and political matters, on the other hand, Canada has reverted to traditional attitudes and practices, and to a deliberate avoidance of national or long-run planning. Perhaps more fully and completely than any other country, and certainly more intentionally, it has been the directionless state. The results have not all been bad - indeed, in a number of respects, Canada has been undeservingly lucky. Nevertheless, absence of direction has inevitably borne its fruit, a drifting and unstable economy and a political divisiveness whose resolution has appeared increasingly difficult and unlikely as the years pass. These contradictory forces, then - revolutionary change of world-wide dimension faced by ancient economic and political responses - provide the general background of industrial relations in the 1950's and 1960's. The task of this chapter is to examine the background in greater detail, and to assess its effect on Canada's industrial relations system.

The Technological and Social Revolutions

The central engine of change in this period has been a revolution in technology: a rapid advance in the knowledge and sophisticated application of physical (and to a less extent, human) forces. Its general effect has been to mechanize or "automate" routine and heavy manual labour. However it also has the potential, still only partly exploited, to expand greatly the things that can be done and the methods and locations of doing them. A good deal of the initial thrust of this technological revolution was undoubtedly generated during World War Two. It is therefore fitting that human awareness of it, while often expressed as a boundless optimism, also demonstrates a vast anxiety about its possible consequences.

A second basic factor affecting society in this period - no doubt intricately related to the first - has been demographic change. Whereas birth rates in the 1930's scarcely sufficed to maintain existing populations, population growth in this period achieved a vigor reminiscent of the nineteenth century. Nowhere was the change in demographic patterns sharper than in Canada, perhaps because nowhere else had a planned war economy changed so drastically the attractiveness of the environment into which children had to be born. Immigration contributed irregularly to a very rapid increase in the Canadian population (1945: 12 millions; 1966: 20 millions). However, the main support was a uniquely high post-war birth rate, effected by earlier and more general marriages and a renewed enthusiasm for considerable families. As a result, the Canadian population pyramid acquired a heavy, even ungainly, weighting with young people. Various consequences of this accent on youth must be considered, but one that may be mentioned here is the physical potential for another explosion

of Canadian population in the years after 1965. Interestingly enough, this upsurge is not in evidence, but rather a rapid drop in birth rates, suggesting a jaundiced view of their future on the part of young Canadians.

Other demographic changes since 1948 have been dominated by the new technology. Its first effect has been on the blue-collar labour force which either declined, as in agriculture and natural resource industries, or barely held its own as in manufacturing, notwithstanding substantial increases in output. The Canadian farm and rural population has declined with exceptional rapidity, small towns have had trouble to survive, and Canadians have concentrated themselves in large cities which more and more have dominated the national scene. In the cities, a similar decline of routine clerical employments has only been offset by an enormous increase in demand for paper records - characteristic of cities and of the new society. What has provided in these circumstances for the labour force shut out of traditional employments has been the growth of service employments, assisted by the surge of specialization, cities, and "affluence". Service employment has also promoted a rapid rise in the rate of female participation in the labour force, which recently has been around 35%, not far below the rates of the most rationalized economies. Even more striking has been a rapid increase in the employment of professional and technical workers who have benefitted on all sides: from the rise of services, from the changing composition of employment in old industries away from manual work, and from the (rather limited) new industries of the new technology. Generally, the changes in the structure of employment in Canada in recent decades have

been so large and rapid that they, also, deserve to be called "revolutionary".¹

The new technology promises an abundance of goods and services, and its urban society has also been called the "affluent society". Productivity has, indeed, increased - though irregularly and (at somewhere around 3%) more slowly than in most countries. Canada does enjoy higher average real incomes than most parts of the world, higher incomes than in the past, and probably a higher proportion of Canadians are entitled to regard themselves as affluent than ever before. On the other hand, the truly affluent in Canada, at the most generous estimate, are no more than 10% of the population,² and serve to demonstrate the internal division between rich and poor rather than the affluence of the whole. Moreover, the pressures of technological change have served to widen and consolidate this division. Under the different pressures of the 1940's - especially full employment and the consequent importance of the ordinary production worker, underlined by industrial union organization of the mass-production industries, and with a wartime approach to consumption - the tendency towards equalization of incomes had been strong. Up to the mid-1950's this tendency was perpetuated

¹Cf. Noah Meltz, Changes in the Occupational Composition of the Canadian Labour Force, 1931-1961 (Ottawa, 1965).

²According to the 1967 Edition of Taxation Statistics (covering 1965), the most affluent 10% of income tax payers (not population) would include all those with a total income (not taxable income) over \$8,000.

by the same forces and by a demographic peculiarity, an extreme shortage of young men in the native population which put a premium on their services and also facilitated their ready marriages. Since then, however, chronic unemployment has worsened the position of the unskilled and unorganized. Behind this effect stand the market pressures generated by technological change. On one hand, though the supply of professional and technical workers has risen fast, demand has tended to rise faster. These workers have therefore enjoyed a very favorable bargaining position which finds reflection in a relative advance of their incomes. The market situation has been markedly unfavorable, on the other hand, to less-skilled manual workers, displaced farm workers, and some classes of clerical workers, in which an historic supply exceeds a demand being contracted by "automation" of its traditional work. Under these pressures income differentials have tended to widen and the income structure to be re-ordered, to the advantage generally of skilled and educated workers - and the strongly-organized - and to the disadvantage of others. These changes have served well their traditional market function, of inducing the mobile to abandon declining employments and fit themselves for the expanding ones marked by rising relative pay-scales. But they have also introduced into a supposedly-affluent society some serious strains and contradictions. For the unfavored, their market position clashes with the conception they have had of their place in and worth to society. Their plight tends to be ignored by beneficiaries of the new market pressures, complacently certain of their own worth and entitlement to relatively high incomes.

There is nothing new, of course, about a division of society into two nations of rich and poor. The trouble is that traditional income orders have been undermined and, most particularly, that our claims and pretenses of an affluent society clash with our facts. As in an earlier society of self-conscious affluence - late-Victorian Britain - the children of the affluent sub-culture can lead permissive and mildly-adventurous lives without ever becoming conscious that there is another world of poverty outside. But those outside are bound to ask why they do not share better in this age of opulence, spurred in 1868 by the ostentatious expenditures of the wealthy and in 1968 by the consumption norms and demonstration effects purveyed by advertising and the mass media. Resultant unrest among and on behalf of the disadvantaged may have very beneficial effects. An obvious one is the effort to adjust the skills of the labour force to the changing structure of demand for labour. Another is some explicit recognition of poverty as a phenomenon demanding attention and as a general problem encompassing some special problems that have stood proxy for it, such as the regional problem, the farm problem, the Indian problem, and the French problem. The underlying fact remains, however, an unresolved contradiction in the goals and performance of the society.

Increasingly dominating this and other questions has been the growth of cities. For instance, poverty in the 1950's and 1960's has often appeared as a characteristic of rural areas, whereas cities have represented affluence and certainly contain most of the affluence that exists. But recognition of a general poverty problem marks recognition that cities, by sheer size, contain most of the poverty, like most of

everything else. That is, the new society is an urban society. When as at the time of the Second World War nearly half of Canada's population was still rural (by statistical definition), the fraction is now reduced to one-quarter. Population has been shifting to the city everywhere in this period, but the shift appears to have been more rapid in Canada than anywhere else.³ And the shift has been particularly to large cities (i.e. over 100,000) which contained 44% of the Canadian population in 1961,⁴ and perhaps half of it in 1968. On the basis of projections, it has been predicted that 81% of the Canadian population will be urban in 1980, and that three-quarters of this (60% of the whole) will be in large cities.⁵

The significance of so profound a change goes far beyond mere numbers. In the past, the city has tended to appear as a dependent island in a rural sea. In the future, however, it appears that the cities for practical purposes will be the society and the economy, and that such rural life as exists will represent dependent tentacles which the city economy has stretched into the countryside. The characteristics of such an economy, among which vulnerability is prominent, will be

³Economic Council of Canada, Fourth Annual Review (The Canadian Economy from the 1960's to the 1970's), 1967, p. 177.

⁴Ibid., p. 180.

⁵Ibid., p. 186.

explored more fully in a subsequent section. Along with urban dominance in population and economic matters has gone cultural dominance: the uniformities promoted by communication media centred in the cities have tended to extinguish cultural differences between farm and city and between regions. This pressure has, indeed produced its defensive counter-pressures. One is on behalf of a distinct French-Canadian culture. Another has been a conscious effort to prevent Canada's being submerged in the mass culture of the United States, creating one of the few areas of sustained purposeful activity on the part of the Canadian government. But the point of these defences is that they are city-centred and city-supported: they are defences of Canadian cities against other cities (even if, in the case of American mass culture, what the other cities are purveying is a peculiarly primitive form of rural nostalgia). So far as rural Canada is concerned, its culture is already scarcely distinguishable from an urban pattern.

This leads to another characteristic of the Canadian society of the new technology, affluence, and urbanism; it is a good deal more sophisticated than its predecessors. What this means is difficult to state exactly, even though the fact is obvious. Some things it means, however, are that Canadians of 1968 are more widely aware than their fathers, more experienced in social complexities, less sure of simple and final answers, cooler, harder, more repressed, and probably more explosive. Intermingled with this, but perhaps a rather separate phenomenon, is a decline to the point of extinction of that defensiveness and weary acceptance of injustice inculcated into a large part of the Canadian population in the 1920's and 1930's. This is no part of the experience of the young citizens who exhibit most completely the new

such as electronics and the more sophisticated applications of chemistry. It is a spotty and rather thin layer in Canada, and again heavily dependent on foreign owners.

The remains of the earliest and most primitive European economy is to be found - still to a distressing extent - in the Atlantic fisheries and in such hunting and trapping as is still carried on by Canada's indigenous people. This unrationalized fragment of the past obviously fits badly into the modern world, and is bound while it lasts to drag down the people trapped in it and, to that extent, the national economy. The remains of the nineteenth-century is also extremely vulnerable but, unlike its predecessor, not without alternatives. A specialized market may still exist for a small establishment producing traditional wares, and its kind merges into the specialized manufactures of the new technology and specialized services of the new affluence, which may also be small in scale. The hazard here resides less in size than in outlook. Whatever these firms produce, their survival depends on an alert, adjustable, and technically competent management emancipated from the pace of the old regime. However the pressures of this period have tended (especially in the 1960's) to sweep these establishments, both large and small, into large - usually "multi-national" - corporations. Sometimes there is a potential benefit to productive efficiency, but the advantages of take-over have consisted heavily of readier access to capital, more scope for evading taxes, and mass marketing or the wresting of special market privileges.

The dominant feature of the Canadian industrial structure has remained the large establishment, typically part of a still larger firm,

engaged in producing raw materials or the consumer goods of twentieth-century North American culture. This layer has been, and still is, the stronghold of the oligopolies (sometimes monopolies) whose behavior has been a major pre-occupation of twentieth-century economic theorists. The products and productive methods of this major element of the economy do change, but at a remarkably slow and gradual pace that befits a ruling establishment. Finally and insecurely on top of this traditional stratum are the purveyors of the new technology. Sometimes a facet of a great corporation, sometimes still the creation of vigorous native entrepreneurs who started from scratch, they unite in being relatively small in scale, uncertain where they are going, but devoted to R & D as the means to get there.

Raw Materials versus Manufactures - During most of the past twenty years the dominant pressures have worked to shift the Canadian economy towards the production of raw materials wanted by the United States and other industrial countries (latterly, Japan in particular). The 1956 boom, notably, was a boom of investment in raw material development. The trend was fostered by reluctance to develop more tolerant trading partners and by the vested interest of various provincial administrations in production of a particular raw material for export. It was also promoted by the restrictive management of the Canadian economy in the late 1950's, which had the effect of increasing the attractiveness of producing raw materials for foreign markets in comparison to that of producing consumer goods for the depressed and import-prone Canadian market. Since modern raw material production has

culture and its sophistication. With a mixture of suavity and violence which their sophisticated society has taught them, they are self-confident and demanding.

Intertwined with these phenomena, and closely related in particular with the new attitudes of the 1960's, has been an explosion of formal education and training. Its basis is the technological revolution of the period and the new demands imposed by it on the labour market, producing a decidedly favorable market for those with a substantial amount of education and certified skill and an unfavorable market for those without. However, other developments of the period have re-inforced this pressure. Affluence has increased demand for education as a consumer item. The shift from farm to city, unusually pronounced in Canada, has transferred several millions of Canadians from rural environments in which the valuation placed on formal education has tended to be minimal to urban environments in which the valuation has always been higher. The most important factor in the changes that gathered way in the 1950's and burst into a veritable educational revolution in the 1960's, however, has been the uniquely large proportion of the population born after 1945, and therefore at the ages in these decades at which formal education is expected. A consequence of this conjuncture of forces has been that expenditures on (investment in) education have risen so rapidly as to impose intense strains on traditional fiscal arrangements and ideas of constitutional responsibility. On the other side, this proliferation of instruction - not overlooking a substantial and increasing amount directed at older citizens - has served to raise the formal educational qualifications and the professionalization of

the Canadian labour force at a speed probably exceeding that of any other country. From an economic viewpoint, Canada's comparative position in respect to the skills of its labour force has been significantly improved; and socially - for good or ill - the sophistication characteristic of the new environment has taken hold with exceptional force.

The Economy, 1948-1967

The forces making for a new technological and urban society, world-wide and only slightly if at all governable from Canada, breathe change and modernity. In contrast, the internal economic and political developments in Canada in this period have rather been in the direction of retrogression. As a result the strains of cultural lag have been exceptionally acute.

In respect to economic matters, the key to the period was the retreat of the Canadian government after 1949 from responsibility for national economic health and development. The bases of this abnegation were the old familiar ones. First was the resurgence of provincial rights as interpreted by the Privy Council. The re-assertion was demanded by the bigger and richer provinces, and rooted primarily in their objection to the principle of national responsibility for minimal regional standards of public services enunciated by the Rowell-Sirois Commission. Second was a re-assertion of the merits of laissez-faire. This principle

has received only a qualified acceptance in Canadian history,⁶ but is advanced from time to time to accomplish particular objects. The purpose in this case seems to have been to repudiate the Keynesian economic concepts characteristic of the wartime era and the national intervention which they might imply, and to head off any kind of national planning (e.g. to give effect to the White Paper of 1945) that might interfere with the plans of private investors. American investors - those already in Canada and others to be invited - may have been particularly in mind. Whereas the economy of the 1940's had relied on native investment, the premise of official pronouncements since 1950 has been that Canada cannot be developed without foreign capital; and assurances of laissez faire may have been considered appropriate to the attitudes of American businessmen.

This already introduces the third familiar force that re-appeared, Canadian dependence on the United States. Once the machinery of the wartime national economy was dismantled, Canada's trade became concentrated more than ever on the American market. This concentration was accentuated by disappearance, at about the same time, of the post-war sellers' market that had made it easy for Canada to export to markets outside North America - and the temporary buoyancy of the post-war market itself depended to a considerable extent on the Marshall Plan of the United

⁶A recent work, Gad Horowitz, Canadian Labour in Politics, (Toronto, 1968) stresses among other things that all of Canada's political traditions - conservative, liberal, and socialist - have believed in state action as a matter of principle, not just of expediency, and that Canadians (in contrast to Americans) are not alarmed by state action and have normally welcomed it.

States. The outcome was not, however, a simple consequence of natural economic forces, as is frequently assumed. It has been maintained by a coolness towards other trading relationships and, in particular, a doctrinaire refusal to follow the European lead in developing trade with Communist countries. The only significant exception, a one-sided trade in agricultural products, affects the only Canadian industry in which foreign control is insignificant and, even then, might not have been inaugurated without temporarily effective pressure from western Canada. American-owned milling companies have persistently refused to participate in this trade, and Canadian governments have done nothing to resist this open defiance of Canadian interest. The treatment of foreign-owned firms in other industries has been the same, with the difference that a great many of these industries are dominated by foreign-owned firms, so that their self-imposed limitations on trade relationships become the effective ones for Canada. Artificial restrictions on Canadian trade arise also on other accounts. There are the cases, for instance, in which a Canadian subsidiary exists to assemble components from an American parent, or to supply raw materials for an American processor, and would not consider any alternative no matter how advantageous by ordinary criteria of the market. Another type of restriction was illustrated when an American firm took over a Belgian company manufacturing combines that had been supplying a Canadian co-operative (Canadian Co-operative Implements Limited), and promptly ended this trade, presumably out of ideological objection to co-operative (and perhaps native Canadian) enterprise. The general point is that Canada's extreme dependence on trade with the United States is to a

substantial extent a deliberate consequence of timorous⁷ Canadian policy.

As the previous discussion has indicated, foreign ownership (so far as it can be regarded as a separate factor) may be more important than trade in re-inforcing Canadian dependence on the United States and, like provincial rights, it is a pressure that feeds on itself. In contrast to the 1930's and 1940's when foreign direct investment in Canada remained at about \$7 billions, the amount rose rapidly and continuously in the 1950's and 1960's. By 1967 the total was more than \$30 billions, about 80% of it owned in the United States. That the pattern of foreign ownership has not changed drastically is a tribute to the fact that, already in the 1920's, all of Canada's resource industries and modern manufacturing industries were dominated by foreign owners. The upsurge of foreign investment after 1949 has simply served to extend, accentuate, and consolidate this dominance.

The Course of the Economy

The effect of the influences just described as to create a period after 1949 in which the Canadian people have been constantly confused and at cross-purposes about their current and prospective situations, in which governments have been unwilling and/or unable to take effective

⁷This extraordinary timidity can be illustrated in various ways. One was the failure to require a significant amount of public information about the operation of corporations and unions until passage of the Corporations and Labour Unions Returns Act of 1962, although many of the same institutions filed detail information about themselves in the United States.

action on behalf of the economy and in which, therefore, the course of the economy has been uncertain and unstable. There has, indeed, been substantial expansion in the period, but it has been a mechanical expansion dependent on accidental forces; hence without clear-cut direction or more than a loose relationship to Canada's physical potential. Quantitatively it includes at least two periods when pressure on real resources was excessively high. However, most years fell well short of potential, particularly the years 1957-1963 which were characterized by serious and chronic stagnation. Qualitatively, changes in the structure of the Canadian economy have been so haphazard that it is difficult to make a general statement about them except that they have left Canada further from the forefront of industrial development than it was in 1945.

The periods of excessive pressure on the economy were in 1956 and 1965-66, to which might be added the speculative boom of 1951-52 associated with the Korean War. Canadians in each of them appear to have been most conscious of rising prices which, although fairly modest increases by world standards, were inflationary in terms of Canadian experience and also in the sense that some part of the increases that occurred could have been prevented by good economic management. The booms denoted, among other things, very generous increases in profit levels, frequently assisted by the freezing of wages in union contracts negotiated at less favorable times. At this stage, many of the complaints against inflation were those of wage-earners caught between rigid wages and rising consumer prices. When contracts terminated, workers demanded their share - often enough after the boom was subsiding.

Other Canadians, including employers who had benefited from the previous "demand-pull" inflation, found it exceptionally difficult to understand why this "wage-push" inflation should occur in a declining market. Demands to curb inflation at this stage - and the contraction of the market that was curbing it - implied that the real income levels of workers should be lowered relative to those of others.

These dissatisfactions could only have been prevented - and then, only in part - by a purposeful and determined government. Considering that the Keynesian Revolution had occurred some time before, and that Canadian governments continued to pay considerable lip-service to it, the striking thing about these periods is that the counter-cyclical fiscal measures taken by Canadian governments were far too little and far too late. This is perhaps inevitable with governments consciously reluctant to guide the economy, especially when they view fiscal policy not as an economic exercise but as a political problem of catering to influential sections of the electorate. The same business community that berated the government for letting things get out of hand in 1966 was demanding cuts in taxes rather than the required increases in 1965.⁸ The net effects were that excessive investment was allowed, there was a dose of inflation, and excessive burdens were placed on the resources of monetary policy.

⁸ However an apologetic that has been used for inadequate government action - that "experts" cannot tell whether a boom is excessive until it is too late to do anything about it - needs to be flatly rejected. It may be that those so unimaginative that they have to depend on mechanical "indicators" cannot tell, but most economists know when a boom is getting out of hand.

Though the booms were spectacular, they occupied only a small portion of the period 1948-1967. In the other years, a satisfactory rate of employment was maintained up to 1953. The year 1954, on the other hand, was sharply depressed: it is the only year of the period in which Gross National Product in real terms was less than the year before. Interrupted by the boomlet of 1955-56, recession set in in real earnest in 1957. With the volume of investment static, and far too small for the economy, unemployment for a number of years stood at catastrophic levels averaging around 7% for the country as a whole. At the same time employers were hindered by below-capacity production from minimizing costs and by the excessive abundance of labour from the incentive to improve their efficiency. This depressed period is profoundly important to the labour relations of the period. It could be said to have ended finally in 1964.

However, the manner of its ending is almost as terrifying, in terms of the long-run prospects of the Canadian economy, as the preceding stagnation. For the fact is that purposeful national policy had scarcely anything to do with it: the recovery of the 1960's depended entirely on fortuitous circumstances. The same had been true earlier: the short-lived 1956 boom was an American investment spree in Canadian natural resources, based on over-optimistic estimates of the requirements of the American market. In the case of the 1960's, the three forces supporting a restoration of prosperity were all external and, as far as Canadian policy was concerned, accidental. The first was the expansion of the American economy generated by the Viet Nam war and a certain amount of good economic policy in the United States. The second was

extensive crop failures in the Soviet Union and China, coupled with the facts that these countries could pay for essential food with hard money, that the United States would not sell food to them even for hard money, and that Canada had a large wheat surplus. The third fortuitous factor was even more important and more inglorious - a Canadian balance of payments crisis in 1962 forced a long-overdue lowering of the exchange rate on the Canadian dollar, with highly beneficial effects on the Canadian economy and Canadian manufacturing in particular. However, because the devaluation was not the planned operation it should have been but one that overtook a surprised government, it led to a Canadian commitment to a fixed exchange rate, and thus to loss of the flexibility of the floating rate boldly and successfully established in 1950 to deal purposefully with another foreign exchange crisis - in that case a sudden massive inflow of speculative capital. The difference in reaction to these two crises, twelve years apart, neatly illustrates the deterioration of Canadian economic management in this period and is important enough to deserve a further brief review.

The problems and the depressed economic conditions of 1957 and after with which they were involved tended to revolve around the actions of Mr. James Coyne as Governor of the Bank of Canada until 1961. Mr. Coyne was appalled, as he well might have been, by the failure of the government to deal with the massive inflow of foreign capital in 1956 and with the continued inflow of capital from 1957 as the succeeding (Diefenbaker) government relied excessively on deficit financing - the deficits in effect financed by the capital inflows. Mr. Coyne may have been properly appalled also by the management of the conversion loan of 1958. While the participants in the debacle that followed had

their respective good intentions, their common misfortune was their small understanding of the economic forces with which they had to deal. The Prime Minister's laudable intention was to relieve the suffering imposed by depression but, like his successor, Mr. Pearson, he pretended to small comprehension of economic matters and, in fact, regarded them as questions to be decided on political grounds. He had the misfortune, also, of an exceptionally incompetent Finance Minister whose pre-occupation (and never-realized ambition) was to balance the budget in an orthodox, pre-Keynesian, sense. The product of Mr. Coyne's worry about these facts, admirable in itself, was that Canadians ought to live within their means, i.e., forego their reliance on foreign capital inflows. His way of achieving this end, unfortunately, was to operate a restrictive monetary policy which kept interest rates at high levels. One of the effects was the intended one of depressing Canadian economic activity. Another effect of high interest rates was to induce a large inflow of foreign capital into Canada, which supported the government's deficit financing. However, there were other, adverse, effects. The large capital inflow kept the (floating) exchange rate at a very high level - approaching \$1.10 to the American dollar - that was incongruously out of line with Canada's cost structure and current performance. The effect was to make it difficult for Canadian producers to export, and to encourage a flood of imported goods, both to the detriment of Canadian production and employment. The capital that flowed in also tended to displace Canadian savings from the limited investment opportunities still available in the constricted Canadian economy. Hence, Canadian incomes had to fall still further (unemployment

had to rise and profits to fall still more) to reduce Canadian real savings to the amount of Canadian investment (the total was stuck at about \$8 billions annually) left over after foreign money had taken a substantial share. To express the matter conversely, if Canada had avoided any inflow of capital in this period it would not only have been spared an unnecessary indebtedness but would have been able to operate much nearer to full employment, both by allowing greater scope for Canadian savings and by enjoying a realistic exchange rate suited to active production for the home and export markets. The situation being otherwise, and without corrective action, the eventual unplanned solution was the forced devaluation already noted.

While this record turns in part on the deficiencies of elected and appointed officials, the real culprit is the Canadian electorate, the considerations by which it chooses its leaders and the shibboleths it imposes on them. It should not be overlooked that the Pearson government was only marginally if at all better in managing the economy than its predecessor - only luckier. Its main advantage of a lower exchange rate was effected before it took office. Whereas its predecessor was forced into a fixed exchange rate, the Pearson government further restricted Canada's ability to adjust to outside pressures by agreeing to freeze Canada's reserve fund at what has since become an embarrassingly low level. This was a price paid for partial exemption from the Interest Equalization Act of the United States, designed to limit American foreign investment as a protection for the American balance of payments. Instead of welcoming this restriction as a heaven-sent opportunity to limit a grossly excessive foreign investment in Canada,

the Canadian government reacted like an addict who hears that his heroin may be curtailed. A large and influential part of the public, including provincial administrations, demanded that it do so. The conclusion must be that the attitudes on the part of Canadians which produced the unstable economic record after 1948 have remained strong in the 1960's. The consequences of the resultant ungoverned boom and recession for industrial relations will be discussed after structural and political developments have been surveyed.

Structural Change

The Industrial Strata - Just as the Canadian landscape can be viewed in terms of its successive geological components, the present Canadian economy may be seen as a composition of four major strata laid down in different epochs. At the bottom is a residue of the pre-industrial economy, consisting in a superficial and labour-intensive exploitation of surface resources, which was established in the seventeenth and eighteenth centuries. Next is a larger remnant of the nineteenth-century industrial economy, featuring small-scale manufacture of traditional items for the home market and some larger-scale but elementary processing of farm and forest products, still sometimes for export. The third layer, and the main one, accumulated mostly since 1910, consists of firms engaged in the large-scale exploitation of Canadian raw materials mostly for the American market (mining, pulp and paper) and large-scale manufactures of durable consumer goods for the Canadian market, both carried on largely by firms that are subsidiaries of "multi-national", usually American, corporations. The fourth stratum, laid down mostly in the last twenty years, features industries of the new technology

such as electronics and the more sophisticated applications of chemistry. It is a spotty and rather thin layer in Canada, and again heavily dependent on foreign owners.

The remains of the earliest and most primitive European economy is to be found - still to a distressing extent - in the Atlantic fisheries and in such hunting and trapping as is still carried on by Canada's indigenous people. This unrationalized fragment of the past obviously fits badly into the modern world, and is bound while it lasts to drag down the people trapped in it and, to that extent, the national economy. The remains of the nineteenth-century is also extremely vulnerable but, unlike its predecessor, not without alternatives. A specialized market may still exist for a small establishment producing traditional wares, and its kind merges into the specialized manufactures of the new technology and specialized services of the new affluence, which may also be small in scale. The hazard here resides less in size than in outlook. Whatever these firms produce, their survival depends on an alert, adjustable, and technically-competent management emancipated from the pace of the old regime. However the pressures of this period have tended (especially in the 1960's) to sweep these establishments, both large and small, into large - usually "multi-national" - corporations. Sometimes there is a potential benefit to productive efficiency, but the advantages of take-over have consisted heavily of readier access to capital, more scope for evading taxes, and mass marketing or the wresting of special market privileges.

The dominant feature of the Canadian industrial structure has remained the large establishment, typically part of a still larger firm,

engaged in producing raw materials or the consumer goods of twentieth-century North American culture. This layer has been, and still is, the stronghold of the oligopolies (sometimes monopolies) whose behavior has been a major pre-occupation of twentieth-century economic theorists. The products and productive methods of this major element of the economy do change, but at a remarkably slow and gradual pace that befits a ruling establishment. Finally and insecurely on top of this traditional stratum are the purveyors of the new technology. Sometimes a facet of a great corporation, sometimes still the creation of vigorous native entrepreneurs who started from scratch, they unite in being relatively small in scale, uncertain where they are going, but devoted to R & D as the means to get there.

Raw Materials versus Manufactures - During most of the past twenty years the dominant pressures have worked to shift the Canadian economy towards the production of raw materials wanted by the United States and other industrial countries (latterly, Japan in particular). The 1956 boom, notably, was a boom of investment in raw material development. The trend was fostered by reluctance to develop more tolerant trading partners and by the vested interest of various provincial administrations in production of a particular raw material for export. It was also promoted by the restrictive management of the Canadian economy in the late 1950's, which had the effect of increasing the attractiveness of producing raw materials for foreign markets in comparison to that of producing consumer goods for the depressed and import-prone Canadian market. Since modern raw material production has

a relatively high capital-labour ratio, and tends to use a rather small amount of labour as compared to other industries, the shift towards raw materials and away from manufactures also worked to perpetuate a high rate of unemployment and a depressed consumer market. However, in the welter of argument about "structural unemployment" of the time, which properly emphasized the need for greater technical skill in the labour force and improperly emphasized the dire consequences of "automation", the relationship between Canadian unemployment and the constriction of Canadian manufacturing was usually overlooked.

On the other hand the "devaluation" of the Canadian dollar in 1962 (termination of the policies maintaining an artificially high rate and the fixing of the rate at U.S. 92½ cents), while beneficial to all sectors of the economy, had particularly favorable effects on Canadian manufacturing, now placed in a much better position to compete in domestic and export markets. The Automotive Agreement of 1965 between Canada and the United States, while open to criticism on various grounds and less satisfactory from a Canadian viewpoint than the preceding unilateral measures flowing from the Bladen Report of 1961, also contributed substantially to expand manufacturing in Canada. The revival of manufactures has been the principal factor in producing the relatively good health of the Canadian economy since 1963, and more satisfactory levels of employment in particular. While pressures in favor of Canadian concentration on raw materials and against manufactures remain strong, and Canada's vulnerability to them extreme, the post-devaluation balance has served, at least for the

time being, to restore something of the cohesion, purpose, and self-confidence of the 1940's and to permit a more constructive approach towards problems of manpower and regional development.

The Size of Plants and Firms - While the practitioners of mass production who came to dominate the Canadian economy in the first half of the century still do so in 1968, some important changes of emphasis have come since World War Two. Triumph in the 1920's was to operate the longest and most routinized assembly line, manned by the largest collection of semi-skilled automatons. The same mechanical concept of the economies of repetitive production was still dominant in the 1940's. Subsequent technology has, however, emphasized a different economy of sophistication and flexibility. Associated with it, especially in areas where the market demand is featured by rapid change and complexity, is a new composition of the labour force in which teams of technicians rather than masses of operators become the key to production. This trend, along with the capacity of the newer technology to make available alternative techniques suited to different plant sizes, has tended to undercut the traditional economies of large-scale, while the diseconomies have remained or even become accentuated. There has been, then, considerable room in the economy for firms of modest size. A good many new ones have appeared in the period, both independent creations and deliberately de-centralized establishments set up by large corporations. Hence, there has been a check on giantism, and the moderate increases in the size of average establishments that has occurred seem to reflect the successes of very small firms in achieving a middling size.

However, this check applies to plants, not firms: the growth in size and complexity of firms in this period has been, if anything, faster than before. These apparently contradictory phenomena may, indeed, be connected: as the multifarious firm has extended horizontally, vertically, and geographically it seems often to have found the most satisfactory organization of actual production in a series of fairly specialized plants of moderate rather than giant size. But whereas limitations of economies of scale have checked the growth of plants, the seemingly unlimited advantages of large size in finance and marketing have supported a steady and often rapid growth of firms. In particular, it has been difficult for independent small firms, irrespective of their efficiency in production, to enjoy the same advantages as giant firms in access to capital or consolidation of a marketing position. Patents and influence with governments may also be involved. There has therefore been a strong tendency for independent firms, when they have attained sufficient importance to be regarded seriously, to be "taken over" or merged into a much larger corporate structure, frequently foreign-owned and, with increasing frequency, a "conglomerate" whose diverse components are unrelated to each other in marketing and research as well as production.

The Geographic Distribution of Industry - What has emerged as an especially acute issue in this period has been the distribution of industry (i.e. of employment opportunities and tax revenues), as between Canada and other countries, among provinces, and between large cities and small ones. If the location of industry is a question of economics, it has always been one heavily affected by political

considerations (in the broad or "political economy" sense), and emphatically so in Canada of the 1950's and 1960's. Indeed, the discussion that follows has as much to do with the political developments treated next as with the economic survey which it concludes.

While industrial development has been a prominent goal of Canadian public policy since the nineteenth-century, it was not usually considered an urgent one in the past outside Ontario, or even sometimes in that province. A common view outside Canada was that the country was a sparsely-settled one which ought to devote itself to production of food and raw materials for exchange with the manufactures of more industrial countries. This view had substantial support within Canada itself, sometimes on the quasi-moral ground that the effects of industrialization should be avoided as much as possible in order to preserve virtues of honesty, sturdiness, and self-reliance held to be exhibited by farmers, lumbermen, and fishermen. A view of this sort was especially influential in Quebec, though not confined to it. Nor, in most parts of the country, was industrial development considered necessary to provide sufficient employment opportunities. While provinces on the Atlantic had a traditional interest in manufactures, they appear long to have considered that they had an indefinitely large safety-valve of employment in the production of natural products, especially fish. Programs to save the Quebec French-Canadians from industrial employment also assumed extensive - if rather low-grade - employment opportunities in new farm areas carved out of the hinterland. And in the western provinces, still more, there was thought to be abundant room for the expansion of employment in raw material production and especially agri-

culture: hence discussion up to 1930, and often after, was not about the advantage of industrializing Canada but about the advantage to the west of de-industrializing it by gaining free access to the cheaper manufactures of the United States and Europe rather than the protected ones of Ontario. In sum, only Ontario had a substantial industrial sector and a substantial interest in industrial growth.

Events since 1930 have brought drastic changes in these attitudes. The Great Depression disposed of the idea that a man seeking employment could always solve his own problem on an agricultural or resource frontier, and demonstrated the superior incomes and stability of industrial employment. The rapid expansion of manufacturing employment throughout the country during the Second World War further illustrated the possibility and advantage of pervasive industrial development. Events after 1948 hammered home these lessons. On the one hand there was a very rapidly growing population for which more and more employment would have to be provided. But, meanwhile, agricultural employment - glib solution to everything in the old days - was contracting drastically. Resources industries grew but, if rationalized, employed relatively few people and, if unrationalized, provided incomes and conditions of life that were becoming quite unacceptable. Service employment grew with remarkable speed, but the more thoughtful at least appreciated that service employments can only exist as a superstructure built on more basic - typically goods-producing - kinds of employment: hence, that while services multiplied the expansion (contraction) of total employment when the basic employments of agriculture, raw material production, and manufacturing were expanded (contracted), they could not take care of the employment

requirements of a population by themselves. And, given the decline of agriculture, it was manufactures that would have to provide most of the basic employment of the future. If Canadians were prepared to cut their population down drastically, perhaps to two millions rather than twenty, it is conceivable that all of them could live reasonably well on the rents of natural resources, and something like this has actually been proposed.⁹ But a beneficial outcome is not certain - there are a great many advantages and internal economies to the multi-faceted economy which Canadians have actually had - and, in any case, they have shown no disposition to opt for the small natural-resource economy. Since they want to have a population of twenty millions and more, and the labour force seeking employment has been expanding rapidly, they have in fact chosen to live by expanding industrialization, in competition with all the other nations that want to survive and expand too. From this viewpoint of the general Canadian interest in competition with other national interests, the failure of national policy has been to ensure sustained industrial expansion sufficient to take up consistently the labour force available and provide the rising and reliable incomes expected.

However, the major dissensions within Canada, 1948-1967, have turned on a subsidiary point: where the industrial development that will support employment and populations should be located in Canada. Whether or not this question of political economy should have overridden or obscured the question of general national growth, that is what it has done.

⁹John Dales, The Protective Tariff in Canada's Development, 1966.

The Distribution of Industrial Development Within Canada -

Assuming that industrial expansion is to be expected, there are two general approaches to the question of its location. One is that private owners will or should be free to locate wherever they choose, and the standard assumption is that the most economically advantageous location will be chosen. In some cases, such as raw material extraction, there may be only one possible location. On a similar basis, industrial location in the nineteenth-century was heavily influenced by coal supplies. However, it is characteristic of recent decades that techniques are more flexible and that power, water, and labour are more or less ubiquitous, so that, as far as production costs are concerned, manufactures can be located with almost equal advantage at a wide variety of places. Given this circumstance, the locational factor of overwhelming influence in recent times has been the market: i.e., plants tend to be located where a large concentration of prosperous people has already been created by pre-existing industries. The tendency has been, then, to centralize industry in a few areas of heavy concentration and to draw away such industry as has ever existed from less populous places. This trend has much to do with the remarkable growth of large cities in recent years, which will be discussed as a separate phenomenon later.

There is another approach to the question of industrial location, which has an even older tradition behind it. This approach contemplates that industry should be located where existing populations are available for a need employment - in contradiction to the alternative view that surplus labour must move to wherever industries choose to locate.

Internationally, the view that industry should be located in reference to people may lead to protective tariffs: the Canadian tariff rests on the supposition that Canadians should be able to find employment in Canada and not be forced to emigrate to the United States or elsewhere. Internally, this approach implies that all populous regions of the country should have something like a proportional share of industrial development - a large enough share, at any rate, so that most of their young and displaced persons may find appropriate employment without moving outside their native region or province.

It is a question-begging response to this "anti-concentration" view to point out the locational pull of existing markets, for this is only a register of past success in drawing industrial investors. Once alternative areas are able to embark on industrial growth, they may expect the same cumulative advantages as the existing concentrations enjoy. It may also be questioned whether many private investors really investigate in a serious way the relative advantages of different locations, and if they do not merely locate in the large centres they know about. Certainly the development programs of most Canadian provinces are based on that premise, and a supposition that dispersed locations would be found satisfactory if tried.

Within Canada, this basic difference of viewpoint about the factors that should govern the location of industry revolves round the position of southern Ontario. This area has been the location of a large proportion of the Canadian industry that is not forced, by the nature of its raw materials or its reference to some specialized regional market, to locate somewhere else.

The major original forces creating this situation were two. As the largest, richest, and most populous agricultural region in the country prior to the settlement of western Canada, southern Ontario provided the best location for manufacturing from a market viewpoint. Second, it was exposed much more than other parts of Canada, because of its location, to the industrializing forces and ideas that operated with exceptional vigor in contiguous parts of the United States (whose original support also was a rich and populous agriculture).

However, these forces have long since ceased to have much relevance. As far as a strong agricultural base is concerned, it is the Prairie Region that could claim the best support for industrialization. The remoteness from the stimulation of American industrial activity that once penalized other parts of Canada has been reduced to insignificance by rapid means of movement and communication. What served meanwhile to maintain Ontario's pre-eminence in industry was the fact that it was first to start with - i.e. the cumulative pull of the large market area. Along with this went the political ability of a powerful region to see that policies of the national government did it no harm. For a long time this political power was disposed primarily to ensure the protection of industries by tariffs - a policy much complained of by other regions at one time, but now perhaps more desired by other regions than by Ontario. The dominant national policy since 1948 of leaving the economy to the "natural" forces of the market, i.e. avoiding interference with the market power of existing industrial concentration to promote still greater concentration, may also be viewed as a policy made primarily by and for Ontario. A significant aspect of the period

is that this province, which was once the most jealously nationalistic, has been the most "pro-American" and most favorable to unrestricted foreign investment, and that most statements in praise of laissez faire have emanated from it, notwithstanding that this principle was once regarded there with deep suspicion.

That an existing concentration of industry should continue is hardly surprising. The fundamental change of the period lies elsewhere, in the awakening of other provinces, especially since sometime in the 1950's, to the possibility, or indeed, necessity (as they have seen it) of being strongly industrial too. This change might be seen in one aspect as a delayed and circuitous attempt to resurrect the benefits which the planned economy of the 1940's had conferred on all regions. Provincial leaders - traditional men - had readily accepted the restoration of provincialism and an undirected economy, but they were not so pleased with the consequences, high unemployment rates and an outflow of the young, especially as these showed up in the late 1950's. It was not only that provincial governments felt a compulsion to provide for the unemployed citizens who piled up particularly in eastern provinces, and to free themselves from welfare costs that might be involved. The prairie provinces, saved by the mobility and ready out-migration of their people from high rates of unemployment, were also increasingly unwilling to accept the situation in which a substantial body of their citizens moved annually to the established industrial zone of Ontario or the aspiring ones of British Columbia and, latterly, Alberta. Among the objections of the unfavored provinces, some were

highly material and bound to impress themselves forcibly even on very unimaginative ministers. For, since provincial governments were primarily responsible for educational and other services, the costs of providing an annual contribution of people to the more prosperous provinces, a disproportionate share of them young and relatively well-educated, continued to mount. The population left behind, robbed of its most vigorous age-groups, was more prone to require welfare services and less able to bear them. That is, ministers were conscious not only of the sentimental advantage of being able to offer their people employment at home, but - more practically - of the advances in provincial revenue which their employment at home could bring. As they saw it, an inappropriate share of the benefits of expansion accrued to the centres of industry, and an undue share of the costs accrued elsewhere.

It was true, of course, that the costs in question were shared by the richer provinces through the grant system initiated by the Rowell-Sirois Commission and through national social security and shared-cost programs that were initiated or expanded during this period. Special additional provisions for the Atlantic provinces tended to increase also. On the other hand, the administrations of the weaker provinces were never convinced that shared grants were adequate - or latterly, that they should involve conditions; they were unnerved by recurrent uncertainty whether Rowell-Sirois grants would be curtailed in the interests of the wealthier provinces; and they came increasingly in any case to prefer the prospect of a vigorous industrial development within their own borders that would free them from the humiliation of

pleading with Ottawa for more. From this viewpoint, the failure was that of the federal government to ensure vigorous national and regional growth. The Liberal governments in power most of the time, oriented to provincialism, the United States, and laissez faire, showed no disposition to undertake such a program and failed in rather spectacular fashion between 1953 and 1957 even to operate an efficient counter-cyclical policy. The sweeping Conservative victory of 1958 reflected a very strong public demand for national action, but it turned out that the resulting government also failed for various reasons - its own ignorance of economic matters and the influence of provincialism and the United States were prominent ones - to operate a coherent and effective policy. It was after this in particular that the provinces embarked on drives to promote industrial growth in their various jurisdictions.

Tradition is powerful, and provincial development plans have tended, now that agriculture and fishing will not serve, to emphasize other natural resource industries as the key to their development. However, there are other reasons than tradition for their doing so. A resource industry is usually required by its elementary cost considerations to locate a good deal of its employment where the resource is, and cannot therefore be drawn away by the large-market attraction of some other place. Second, there has been a romantic and gross exaggeration in Canada of the stimulus which resource exploitation is likely to give to general development, harking back perhaps to the original role of agricultural settlement as a basis of the economy. In particular, provincial administrations have been mesmerized since 1947 by the oil of Alberta which they believe - quite wrongly in

the opinion of this writer - to be the sole or at least main factor in the very favorable growth record of that province. Third, the Canadian (and American) tax system(s) provide very generous tax and depreciation advantages to firms exploiting natural resources. In effect, the possession of a resource has been the way in which a province can obtain a substantial subsidization of its development from the national treasury (all the better for masquerading as a simple reflection of market forces). Some consequences of this situation, aside from mis-allocation of resources, have been unfortunate: the dependence of provincial governments on foreign capital for development of their resources which reflects a very real failure of Canadian financial institutions to direct Canadian savings into them, and the successful efforts of provinces hell-bent on selling their water-power abroad to over-turn a national policy designed to preserve this resource for Canadians. However, basic responsibility for the local horizons of provincial governments and unsavory aspects of resource developments belongs to a national government that has failed to provide for adequate regional growth.

Provinces with abundant known resources, and still more those without, have gone on in the 1950's and 1960's to seek their "share" of manufacturing development. Devices for this purpose have covered a remarkable range of promotion in the sense of salesmanship, the provision of information, many forms of subsidization, and a certain amount of government enterprise. Their effectiveness is extremely difficult to gauge, in respect both to whether the outcome is different from what would have happened without them, and whether manufacturing

in Canada is actually becoming more dispersed. Many factors complicate the questions, including a belated interest in the development of lagging regions on the part of the national government. However, it may be guessed that Canada is moving in the direction of a dispersion (but greater overall intensity) of industry and - less certainly - that provincial promotion has something to do with it.

What seems especially likely is that during this period the market forces making for concentration of industry have been over-taken by those making for dispersion. Indeed, the widespread interest in industrial development everywhere suggests as much: the idea of local industrial development is not likely to make great headway until it is a real possibility. It may be the case also that the economies of industrial dispersion have been paramount for a considerable time, and have only been held in check by the economic and political power of the localities previously favored. From this point of view the industrial promotion activities of provinces other than Ontario may have the function of offsetting Ontario activity, and national policies which support it, and so allowing the forces for dispersion of industry to work. However, it is somewhat misleading to pursue this subject in terms of provinces since the essential questions have rather to do with cities. The real question is whether market forces, that have certainly favored industrial location in large cities in the past, now favor location in small cities or small towns. This question will be pursued in a discussion of cities themselves.

There is an important footnote to add. Many of the promotional activities of the provinces in this period, if co-ordinated, would fit well enough into a program of national (including regional) development. So, also, would a number of discrete activities of the federal government, mostly undertaken towards the end of the period, such as A.R.D.A., the designation of depressed areas in which special incentives for investment are offered, and various aspects of manpower policy. However, these activities have necessarily had an uncertain effectiveness and relationship to national development in the continued absence of any overall plan or program. Many of them, also, can only be very meaningful in conditions of high employment, which allow differentiation between areas that are lagging (even in times of high employment) and those which merely reflect general depression, and between workers who need training and movement to obtain satisfactory employment and those who merely need a general revival of economic activity. Ability or willingness to understand this distinction, and the difference between macro-economic policies to maintain high employment generally as against more specific policies to overcome structural weaknesses, was conspicuously lacking over most of this period at both the national and provincial government levels. If there has been improvement in this respect in the 1960's - and there appears to have been - the problem of maintaining, distinguishing, and co-ordinating policies for national prosperity and regional development is still hampered by the nature of monetary policy and the mystical terms in which it is commonly approached. On one hand, a country so uneven in economic conditions as Canada is badly suited for use of a monolithic monetary policy: if the policy is geared

to curb inflationary tendencies in Toronto, it is likely to depress Halifax just as recovery is getting underway. In other words, for a single national monetary policy to be appropriate, the weak regions need to be developed to a point much closer to the position of the strong ones. On the other hand Canada's monetary authorities, for various reasons that boil down to the difficulty of conducting effectively a de-centralized monetary policy, have been loth even to contemplate such a possibility. They have been the more reluctant because, in the absence through this period of any direct controls over the economy and of a suitable fiscal policy most of the time, undue burdens have been placed on them; so they have used the awe in which the ordinary citizen holds the monetary system to protect themselves from the further burden of regional differentiation. The favorable side of these developments has been that the direction of policy towards the end of the period suggests a growing awareness of the distinction between policies for general economic health and those for regional industrial growth, and greater willingness of the national government to accept responsibility for both. If this trend continues, it will become more possible and eventually less necessary for monetary policy to take account of the pressures for regional development, and more possible for this development to be genuinely co-ordinated. But whether by this or more anarchic means, it seems probable that Canada will be moving from its historic position of industrial centralization towards one in which industrial employment is dispersed much more evenly throughout the country.

Canada's Political Development, 1948-1967

The main features of Canada's political evolution since 1948, a decline of national authority and a rise of aggressive provincialism, stemmed from economic deficiencies that have been reviewed above. Under familiar debilitating influences the Canadian government refused for the most part - most of the time and in most essential matters - to take responsibility for the country's economic health and growth. In the resulting vacuum of policy the operation of the economy was an unsatisfactory one at almost all times after 1953, when the last shreds of momentum from the 1940's disappeared. Overall growth was markedly uneven, fluctuating between uncontrolled boom and uncontrolled recession. This pattern appeared to accentuate, and certainly failed to reduce regional inequalities in development and income. In these circumstances, the various provincial governments felt themselves called on to fill the void by undertaking the development of their respective provinces.

Provincial governments hardly aspired to such a role at the beginning of the period, but were rather intent on cultivating their traditional responsibilities. However, as has also been noted, the disappearance of previous safety-valves and the mounting cost of services in the new age put extreme pressures on these governments. With the failure of successive Ottawa governments to take effective action, the various provinces set out to provide their own development - first in order to give jobs to their people and get revenue for their budgets, but, after awhile, as a right to which they were entitled. As

they developed a new sense of importance, they demanded with increasing urgency the tax resources which the constitution had awarded the national government so that it could finance its developmental responsibilities.

Pandora's box having been opened, it became increasingly difficult for the Canadian government to resume a directing role even when it desired to do so. To be sure, the provincial sense of desperation was reduced by a restoration of relatively high employment after 1963, and some useful developmental activities were undertaken by the federal government towards the end of the period. It is not unlikely, as well, that most provinces could be persuaded to transfer to federal care (instead of just demanding more money for them) a number of their traditional responsibilities that in this period assumed a national character and a heavy price, notably health and higher education. However, the provincialism that was roused everywhere took the form in Quebec of an intense and exclusive French-Canadian nationalism which emphasized and exaggerated provincial rights under the constitution. It was a well-nigh if not entirely impossible task to accommodate the demands of this nationalism without outraging the remainder of the country or destroying national government, but federal governments floundered in the attempt without giving much satisfaction to anyone. While the most extreme and paralyzing demands came from Quebec, the rampant nature of the provincialism that had been released could be illustrated by the words and actions of other provincial governments. Except from Quebec, the most rebellious statements always had to do with economic development. The fact is that

unsatisfactory rates of national and regional growth had become highly unacceptable. While most provinces might give up their responsibility for, say, health care, it has seemed most unlikely that any provincial government would give up its developmental activities, or be very concerned whether these clashed with national interest, until there was clear evidence that adequate sources of employment and tax revenue for its jurisdiction would be provided by other means. The feat of providing them was not impossible, but the environment of uninhibited provincialism that had arisen was not an auspicious one from which to start.

The rise of provincialism and the cleavage of national and provincial purpose that marked this period were mirrored in party politics. It was the fashion for citizens to emphasize their dissatisfaction and distrust of government performance by electing provincial administrations of a different party from the one occupying federal office. When, by some aberration, provincial and national administrations were of the same party, the provincial one illustrated the division and tried to keep itself in office by expressing its discontents with national policy in terms even more vitriolic than any of the others. A succession of minority national governments that arose might be interpreted similarly to reflect a distrust of the past and probable performances of both Liberal and Conservative parties. They reflected as well another cleavage, partly but not clearly reflected in other divisions, between a declining but politically-overweighted rural interest and a rising but under-represented urban interest.

The unsatisfactory position expressed by these divisions was one from which it was peculiarly difficult to escape. Strong national action was inhibited by provincial aggressiveness, but provincial claims and ambitions tended to become more extreme the longer effective national action was delayed. A number of initiatives that the Canadian government might well have taken were blocked by the constitutional allocation of pertinent powers to the provinces. This was, nevertheless, a superficial factor that illustrated rather than established the obstacle to effective national activity. The fact was that the national government continued to possess a substantial battery of unused powers: the power to disallow provincial status; the power to declare a particular activity to be for the general advantage of Canada and to bring it under national jurisdiction; and a potentially enormous if ill-defined power to intervene on behalf of peace, order, and good government. Another de facto power that had demonstrated its effectiveness was that to induce the provinces to enter into joint programs by an offer of the national government to share substantially in the costs. And beyond these specific powers is the deeper fact that nations sooner or later get the working constitution they want, whatever the meaning originally attached to constitutional clauses, as has been demonstrated by the shifting of powers in various countries including Canada itself.

Regarding the matter from this viewpoint, the capital political feature of Canada, not new but especially notable in this period, was that the national government was timid and inactive, the provinces aggressive to and beyond the interpreted limits of their powers,

because influential elements of the polity (though not necessarily a majority) wanted it so. Evidence that the situation was governed by political pressure rather than constitutional right is abundant.

There was no constitutional question about shared-cost programs, but the national government was inclined to destroy its own authority by yielding to provincial demands that they be freed from observing the conditions of their grants, but given the money all the same to spend as they wished (the pressure of provincialism is also illustrated by the argument used for this, that the provinces are "closer to the people" and better judges of their needs, particularly since it appears to the author manifestly false, i.e. except in respect to economic development the provinces have consistently been the governments least aware of the country's needs). It is significant that the national government, while frequently advancing a constitutional reason for inaction, has rarely chosen to test what the courts would actually rule, suggesting that many national politicians could conceive no calamity more embarrassing than a court decision in their favor. There is the failure of the national government to use its power of disallowance, even against the most preposterous provincial legislation. During the period the national government readily, and with apparent relief, passed its authority over inter-provincial trucking to the provinces, in striking contrast to the reluctance of most provinces to yield any authority which they might possibly claim. The weight of political (as distinct from constitutional) pressures was illustrated by the effort of the Diefenbaker government, the one government of the period

that showed concern for national sovereignty, to maintain Canada's long-standing national policy against alienation of water power. Its reward was to be battered into surrender by the aggressive government of British Columbia with the aid of a formidable set of allies. The unlimited nature of the pressures was left for demonstration, however, to governments of Quebec, passionately jealous of their own constitutional rights but prepared to claim any other jurisdiction in which they conceived an interest, for example, the labour market and foreign affairs. However, the last case, though it provides a very clear example of the preponderance of political pressures in the treatment of supposedly constitutional questions, was a special one. It was common knowledge in this province, unlike the others and until the ascent of P. E. Trudeau, that electoral success depended on displaying greater hostility to Ottawa and making more outrageous demands upon it than anyone else.

Behind this dubious emphasis on politics and its orientation to provincialism were several important factors. One that has been reviewed was the failure of the national government to act the part, so that citizens in desperation turned to the hope of salvation by provincialism. Another that has been noticed was the influence of the United States, tending to turn the national government into its subservient agent and the provinces into its discrete subsidiaries. One that has not been reviewed, but will be, was the advancing but still imperfect sophistication of Canada's citizens in economic matters. Another is the particular character and problems of Quebec. Still another, and important was the particular interests and attitudes of

Ontario. And the attitudes and peculiarities of other provinces played their part too.

The Outlook of the Average Canadian - Canadians were in this period more sophisticated in economic matters than they were in the 1930's, when more than enough of them still believed that the level of economic activity was governed by mysterious forces beyond human control. They were still usually awed into impotence about monetary policy, but had acquired a rough-and-ready appreciation of the power of fiscal policy. While a good many possessed a smattering of Keynesian economic ideas (and it should not be forgotten that vigorous Canadian monetary heresies pointing in the same general direction flourished before Keynes wrote his General Theory), what really educated the masses was the demonstration of how a planned economy could achieve high employment and high output during and after the Second World War. Since then, it has been asserted that public opinion would "never allow" another depression like the 1930's, and governments within the limits of their understanding have certainly tried to prevent such a calamity. A significant point to note is that the solution of the problem appears as a political, not economic one: it was accepted that the economic problem could be solved if the authorities wanted it solved; but the solution was to frighten governments enough politically that they would not dare to leave it unsolved. The result was not so much a victory over vested interest as a roundabout way of overcoming ideological paralysis or "cultural lag". A prime example was provided by Mr. Donald Fleming, whose pre-Keynesian economic ideas led him to revere balanced budgets, but who was forced (politically) to incur huge deficits.

The greater sophistication in economic matters developed in the 1930's and 1940's has developed in directions promoted by the idea of controlling the level of employment and by the increasing availability of aggregative statistical information. As data became familiar, a considerable proportion of citizens became aware of the Gross National Product and some of its components. A little later, appreciation of the concept and some of the implications of productivity changes also became common among politicians, businessmen, and labour leaders, though the tendencies to use productivity in a partisan fashion has left it a very mixed blessing. Towards the end of the period, a good many of the same people uneasily accepted, or at least acquiesced to the acceptance of the idea of a trade-off between fluctuations in prices and employment, to this extent modifying the fundamental opposition to "inflation" which had been characteristic of Canada since the 1920's. At the same time a substantial portion of the populace appeared to favor an "Incomes Policy", suggesting a readiness to accept a considerable degree of direct control over the economy within an equitable system. The need for structural improvement of the economy also received increasing appreciation and support.

On the other hand, the tendency to treat economic questions as political ones and to attack them in political ways remained extremely strong. Economic management was be-deviled, especially in the later years of the period, by primitive ideas about taxation, especially among the two politically influential groups of farmers and businessmen. Neither was very ready to concede that taxes should ever rise, but determined that the burden should be borne by someone else if they did

rise, and active in the use of political pressure to divert taxation from themselves. Control of inflation was similarly seen in very partial terms. Businessmen and most government officials were inclined to apply controls and relate income changes to productivity solely in the later phases of recovery when wage-earners were trying to get "their share", without reference to the earlier years during which advances in profits outstripped either wages or productivity. And, most of all, investment and development were rarely approached in terms of general welfare and growth, but rather as a scramble of each locality for particular benefits to be won from or lost to other localities.

Various forces can be detected in this propensity to treat economic matters as political questions: the survival of many ancient economic ideas (e.g. that government activities are parasitic and increased government expenditures wasteful), distrust of the capacities and objects of governments, and the class struggle. The fact was, in any case, that the political approach was preferred except for the most truly scandalous development of the period, a dramatic rise in returns to interest-receivers. The result was that economic management had only the most tenuous relationship to economic realities, but rather was the transparent creature of political pushing and pulling mostly geared to short-term and parochial objectives.

On the other hand, given the conditions created by the absence of national economic management, there was a certain pragmatic sense - and inevitability - to what happened. Viewing the matter in terms of

various "interest" groups, such as employers, workers, and farmers, the lack of any assurance of future economic developments invited a scramble for immediate advantages, without much attention to whether the advantages fitted in with national needs or were merely a special privilege that harmed them. In terms of geographic regions, the national policy of non-intervention produced adverse results for all provinces except Ontario, both by failing to maintain high employment (except in the Prairie Provinces where disadvantage took the different form of larger outmigration), and by failing to produce industrial growth at an adequate rate. The problems are not distinct and the programs of provincial development to which they led hardly distinguished them, partly because political pressure was viewed as the essential cure for all problems.

Quebec's Quiet Revolution - The most vigorous and colourful upsurge of provincialism in this period was Quebec's (French-Canadian) "Quiet Revolution". An enormous amount has been written about it, but typically from viewpoints more likely to obscure than clarify its relation to industrial relations. Some observations therefore seem in order here.

To begin with, it should be noticed that Quebec's French-Canadians experienced another crisis in the nineteenth century, with many parallels to the more recent one. Then too, but more severely, the problem was the inability of the existing structure to provide acceptable jobs and incomes for a growing population. The problem was then aggravated, as it has been since, by suspicion of industrialization on the part of

the powerful conservative forces that dominated the society, and by the poor preparation of its French-Canadian labour force, mostly unlettered and unskilled, to take part in (much less initiate) industrial employment. The solution to the problem offered by the political and ecclesiastical leaders was the colonization movement to settle surplus people on provincial lands, and so preserve a rural society. Since the land available was not very fertile, there was also counsel to the settlers to accept the austere livelihoods thus assigned to them in the interest of the faith. It was neither a very satisfactory nor very acceptable solution, and what really staved off catastrophe from the 1840's to the 1870's was massive emigration to New England.

Emigration was an unsatisfactory solution too, as church authorities were the first to assert. But a real solution could not come from them, or from "radical" political leaders either, who were really reactionaries looking backward to a rather mythical golden age of feudal bliss. (Their recent counterparts have been the Union Nationale and, particularly, the Creditistes.)

The real solution came from the political "conservatives", who in fact were the progressives, believing in things like railroads, modernization of the economy, and industrialization. Another thing they

¹⁰ This and other points are discussed at greater length in my Ph.D. thesis, "Labour and the Development of Industrial Capitalism in Canada", (Toronto, 1961).

accepted was co-operation with the "English". And the key to their solution was Confederation, and the vigorous nation-building implicit in it, which did a great deal for Quebec and its French-Canadians. On one hand, their industrial employment in modern (as distinct from handicraft industry) expanded fairly steadily from this time. On the other, more efficient French-Canadian farmers became sufficiently affluent by the 1890's that their expenditures on luxuries became a subject of clerical complaints.

This was a gentle revolution, and certainly it ushered in no Utopia. French-Canadians continued to be hampered by the dominant forces and attitudes of their society and an educational system geared to the supposedly minimal wants of the habitant. Massive alienation was promoted on several fronts, and fault lay with both English and French. The failure to create a "New Quebec" in the west depended, ultimately, on the inability of French-Canadian Quebec to put forward so much effort rather than the machinations of Ontario. Alienation in the labour movement turned on the blind hostility of the Trades and Labour Congress to the Knights of Labour in 1902, but also on the blind hostility of the Quebec bishops to the same organization in the 1880's. The alienation produced by two world wars and conscription owed something to a visceral loyalty to the "British Empire" on the part of some "English" (monolithic French-Canada has rarely understood that there are many and varied "English"), but also to an ignorant or studied obliviousness to world events on the part of the French. In spite of all this, a growing French-Canadian population maintained at least its relative position, a good one by world standards. And as long as an astute Wilfred Laurier continued the national policy of his predecessors, they did better than that.

There are parallels here with the situation after 1948. Again, what Quebec and French-Canadians needed was the employment opportunities opened by vigorous industrialization, and associated things like better general and technical education, the more so as Quebec needed to contract its "marginal" farm population even more than others. The want was felt the more because a taste for better things had been developed by the war-promoted activity of the 1940's (earlier, the railroads of the 1850's), which had provided full employment and higher incomes relative to Ontario. The difficulty was that the national government after 1948, far from operating a policy of national development, left investment to find its own level and location, and was casual and incompetent also about maintaining high employment. The results were resented everywhere but in Ontario, which benefited at least relatively from the policy (or non-policy) of Ottawa, and they were particularly resented in Quebec where wage levels declined relative to Ontario, unemployment (especially of French-Canadians) tended to be high, and rural poverty was acute.¹¹

¹¹The accompanying tables of wage differentials between Ontario and Quebec (and Toronto and Montreal) will show that differentials widened sharply with the end of the war. They also demonstrate that the differentials remained at least as large in the 1960's as earlier, despite Quebec's effort to revolutionize its position. Recent excesses of unemployment in Quebec over Ontario are typical of earlier experience:

	Unemployment Rate, Second Quarter, 1967 and 1968	
	1967	1968
Quebec	5.4	6.8
Ontario	3.2	3.9

AVERAGE HOURLY EARNINGS OF HOURLY-RATED
WAGE-EARNERS IN MANUFACTURING,
ONTARIO AND QUEBEC, 1945-1967

	Quebec	Ontario	Absolute Differentials	Percentage
1945	0.64	0.71	0.07	9.9
1946	0.65	0.73	0.08	11.0
1947	0.74	0.85	0.11	12.9
1948	0.84	0.97	0.13	13.4
1949	0.90	1.04	0.14	13.5
1950	0.93	1.10	0.17	15.5
1951	1.06	1.25	0.19	15.2
1952	1.16	1.37	0.21	15.3
1953	1.22	1.43	0.21	14.7
1954	1.27	1.48	0.21	14.2
1955	1.30	1.52	0.22	14.5
1956	1.37	1.60	0.23	14.4
1957	1.44	1.69	0.25	14.8
1958	1.50	1.74	0.24	13.8
1959	1.54	1.82	0.28	15.4
1960	1.60	1.87	0.27	14.4
1961	1.65	1.93	0.28	14.5
1962	1.70	1.98	0.78	14.1
1963	1.75	2.05	0.30	14.6
1964	1.81	2.13	0.32	15.0
1965	1.89	2.24	0.35	15.6
1966	2.02	2.37	0.35	14.8
1967	2.16	2.52	0.36	14.3

Source: (1) Data for 1945-62, Man-Hours and Hourly Earnings with Average Weekly Wages, Nov. 1963, p. 17.

(2) Data for 1963-67: Table 2.

AVERAGE HOURLY EARNINGS OF WAGE-EARNERS IN MANUFACTURING,
TORONTO AND MONTREAL, 1945-1967

Year	Montreal	Toronto	Differentials	
			Absolute	%
1945	0.69	0.72	0.03	4.2
1946	0.70	0.73	0.03	4.1
1947	0.78	0.85	0.07	8.2
1948	0.88	0.96	0.08	8.3
1949	0.95	1.02	0.07	6.9
1950	0.98	1.08	0.10	9.3
1951	1.11	1.24	0.13	10.5
1952	1.22	1.36	0.14	10.3
1953	1.29	1.44	0.15	10.4
1954	1.33	1.50	0.17	11.3
1955	1.36	1.52	0.16	10.5
1956	1.43	1.58	0.15	9.5
1957	1.50	1.66	0.16	9.6
1958	1.55	1.72	0.17	9.9
1959	1.60	1.75	0.15	8.6
1960	1.65	1.80	0.15	8.3
1961	1.70	1.85	0.15	8.1
1962	1.75	1.89	0.14	7.4
1963	1.81	1.96	0.15	7.7
1964	1.87	2.04	0.17	8.3
1965	1.93	2.16	0.23	10.6
1966	2.05	2.29	0.24	10.5
1967	2.20	2.43	0.23	9.5

Source: D.B.S., Man-Hours and Hourly Earnings,
various issues.

This situation established the first striking difference between the Quebec ferments of the nineteenth and twentieth centuries: whereas national policy played the role of savior in the earlier case, the national government (and the "English") were regarded as the enemy in the more recent one. It became the Quebec provincial government, regarded as an instrument of French-Canadian nationalism rather than of the whole Quebec population, that was turned to for action. However, the turn could not be made as long as the government of Quebec, under Maurice Duplessis, represented an alliance between the most conservative forces within French Canada and capitalist employers (mostly English), dedicated to the prevention of change by exceptionally repressive and corrupt devices. Here is another important change from the nineteenth century, a reversal of political roles. The Conservatives in Quebec had become the party of reaction while the Liberal Party (which had often played a similar role) was thrust in 1960 into the role of a radical, activist, and interventionist movement - not without a good deal of reluctance on the part of its conservative members. Nevertheless, it presided over Quebec's radical changes of the 1960's with enough zeal that it contrived to be defeated in 1966 by the re-grouped forces of Quebec conservatism.

This introduces another important point: the relationship between the striving for more rapid economic growth which was the basis of the "revolution", and the great emphasis on French language and culture which accompanied it. Observers not interested in economic questions (and most are not) have usually treated questions of language and culture as the only ones involved, but this really obscures their significance.

The key to the fury of linguistic and cultural claims has resided in the profoundly conservative nature of French-Canadian society, especially in the circles of church, established professions, and vested business interests. The function of strident emphasis on language and culture was to hold these forces in check while the revolution was carried through: they could hardly denounce the revolution without repudiating the defence of language and culture which they had claimed always to stand for. So it became possible to conduct a vigorous campaign to revitalize the Quebec economy and the educational system that supplied it with labour. Emphasis on language and culture also served some immediate (and conservative) purposes, particularly for the middle-class French-Canadian youth that was the core of the revolution. In their search for suitable employment this group was handicapped, not only by the inadequate economic growth of Quebec, but by anti-French prejudice and, a great deal more, by lack of technical competence. It was therefore a convenience to insist that Quebec business be conducted in French, which eliminated the last two questions and established French-Canadian preferment over nearly all of the "English", who still constituted about one-fifth of Quebec's population and occupied a much larger proportion of administrative and professional posts.

On the other hand, xenophobic cultivation of French-Canadian language and culture was a game that two could play at, and it became the Achilles' heel of the revolution. The conservative forces in the society, by no means withered, could make even more extravagant claims than the revolutionists, and, under this cloak, compete successfully for political power and put their check on the revolution. They preserved

also the advantage of alliance with the forces of conservatism in English Canada, ready to acknowledge guilt from the past on behalf of all English Canada and to make amends provided somebody else paid for it. For its part, French-Canadian conservatism had no desire to carry things so far that a really revolutionary nationalist movement might get out of hand. Its best tactic, therefore, was to make outrageous demands in areas where the national government was bound to fight, but no immediate economic interest was affected - foreign affairs providing an ideal case.

The major contrast with the demands of the previous "revolutionary" regime was that the latter, in pursuing its vigorous campaign of development, had been led into quite serious demands on the national government that threatened the very existence of a Canadian nation. For these reasons, Quebec provincialism in this period was exceptionally vociferous, amounting at times to a French-Canadian nationalist movement for which English-speaking citizens of Quebec were even more immediate enemies than the others. So far as the basic drive for economic advance that underlay it is concerned, there are three things to be said. The first is that a great deal was accomplished in the modernization of Quebec's economy and society during the period 1960-1966, and an important momentum remained from it. The second is that the wave of the early 1960's is for the present (1968) spent, except for a dangerous hangover of irrationalities, partly because many in Quebec did not want to become modern so fast, partly because the massive aid from Ottawa that supported the drive could not have been expanded much more, partly because it was well beyond the capacity of this province to achieve salvation by itself. The third fact is that Quebec still needed greater

and faster growth, and that the national government is the only agency that could assure it.

The Role of Ontario - Ontario has always occupied a crucial place in Canada, and been well aware of it. It was the prime exponent and beneficiary both of the vigorous policy of nation-building that characterized Canada's first fifty years, and of the policy of national inaction that, except for the 1940's, has prevailed since 1920. The policy of leaving the fate of the economy to private investors, the effects of which sustained the discontent of the other provinces in the 1950's and 1960's, has been regarded with some reason as a favorable one by Ontario. However, there are interesting aspects to the forces by which this policy has been maintained, and they concern chiefly the intricate relations between Ontario and Quebec.

In the drive for economic betterment in this period, spokesmen for Quebec were at pains to couch their comparisons and demands in terms of Ontario: Quebec had lower wages than Ontario, more unemployment than Ontario, and less industry than Ontario. In this, there was perhaps a prudent avoidance of notice of the Atlantic Provinces which, in respect to wages, unemployment, and investment levels, were much better entitled than Quebec to a revolution. What mainly underlay this myopia, however, was an implicit assumption that Canadian decision-making was the prerogative of the old Province of Canada, Ontario and Quebec, and that the other provinces were annexes that really did not count. The approach was a very effective one since, in fact, it was warmly reciprocated by Ontario.

In economic terms, what Quebec's Quiet Revolution demanded was that Ontario give up its virtual monopoly of Canada's national manufactures and share them with Quebec. The alternatives could have been distasteful: a "have-not" Quebec ranged with other discontented provinces against Ontario, and all of them even urging a vigorous policy of regional development on Ottawa. The proposed duopoly limited what Ontario might have to give, and was also in line with the expanded role of provincial government and the withdrawal of national government that, for rather different reasons, was as congenial to Ontario as to Quebec. There was also a question whether, even with vigorous promotion, industrial growth in Quebec would really get very far. Meanwhile, the national aura of *laissez faire* was protected.

The assumption that Canada was really composed of Ontario and Quebec was also important, perhaps vital, to the linguistic and cultural claims advanced on behalf of French-Canadians. Viewed in this context, it appeared reasonable that Canada consisted of two, roughly-equal, "founding races", i.e. French Quebec and English Ontario; and from this viewpoint it was truly irrelevant that French-speaking Canadians are in fact only one quarter of the total population and that there are other substantial minority ethnic groups. While there was some necessity to remind the Quebec government that French-speaking residents of Ontario were under the jurisdiction of Ontario rather than Quebec, the numbers and compactness of this minority in Ontario facilitated some polite concessions to its French language and culture. Many Ontarians warmly approved, either as a mark of civilization or as a modest ransom for English-speaking residents of Quebec and a single Canada, and even more

warmly berated such untutored bigots as the premiers of some western provinces to whom the whole performance smacked of idiocy.

A political sidelight on this Quebec-Ontario axis is provided by the strange case of John Diefenbaker. Though not without distinct faults, some of which have been referred to, Diefenbaker's performance as Prime Minister was not markedly worse, and in many respects better, than that of other incumbents of the period. And, though he rejected the concept of two sovereign nations in Canada, he made substantial concessions to the ambitions of the Quebec revolution. Yet he was destroyed by a fury of hostility in Quebec and Ontario against a Prime Minister not of their region and viewpoint. His fault, in fact, was to be elected on a program of national unity and action (and to have a connection with the Duplessis regime) before the Quebec Revolution, and before Quebec and Ontario settled on their own terms of settlement of Canada's future. Diefenbaker did not fit with them.

Another political sidelight, though it overshoots the period, is the equally strange case of Pierre Elliott Trudeau. Until very late in the period, Trudeau was accorded no chance to become leader of the Liberal Party because of his unpardonable sin, opposition to a "two-nation" constitution with "special status" for Quebec. In the event, both his opponents for leadership of the Liberal Party and the Conservative and New Democratic parties were caught out on this issue, still clinging to the doctrine of "special status" as a necessity for winning votes in Quebec, thereby showing that they had never understood either the nature of Quebec's unrest or the changing function and home of "special status". On the other hand, Trudeau's electoral victory was strictly an Ontario and Quebec affair, and so has been his cabinet.

So far as appears in the summer of 1968, his regime will support peripheral developmental policies that will be helpful to Quebec and to other lagging provinces and areas, but will not interfere with the laissez faire operation of the economy or the free hand for foreign investors that Ontario has conceived to be in its interests. If, as this report has proposed, the forces of the market are now favorable to a de-centralization of Canadian industrial growth, the most interesting test of this regime will concern the extent to which it will intervene to offset these forces, and maintain concentration of industry in the central provinces.

The Other Provinces - Canada's other eight provinces range widely in size, resource endowment, and character, from the high income, high educational levels and sophistication of British Columbia to the low income, sparse schooling, and unsophistication of Newfoundland. They vary considerably, also, in their industrial and especially manufacturing development. For historical and other reasons, the provinces of Newfoundland, British Columbia, and Alberta pursued particularly individualist courses in this period. On the other hand, these eight provinces had a good deal in common. Most obvious, in the recent period, has been a need for more rapid economic growth to provide employment opportunities for growing provincial populations and larger sources of revenue for provincial treasuries. They have also in common, except for Newfoundland and Prince Edward Island, reasonably good bases for an expansion of manufacturing. Nevertheless, all were pushed into an emphasis on raw material development by the peculiarities of tax systems and the

difficulty of drawing manufactures away from the pull of the Central Canadian market. While raw material production expanded in a number of the provinces at rapid rates, it failed (given the nature of rationalized raw material production) to provide a large amount of additional employment directly. In their search for jobs and revenue, therefore, the provinces tended, especially in the 1960's to be drawn back to the promotion of manufacturing. This urge for development, arising in the first place out of the impasse that hampered national action and the failure of the national government to maintain high employment, brought the provinces squarely into a quandary of federal-provincial relations.

While the provinces had a reasonably clear idea of what they wanted a complicated political situation made difficult the calculation of how to get it. Probably most of them would have preferred that the national government assume responsibility for their economic growth. Yet they were almost as inclined as the central provinces to stand on their prerogatives, and so discourage an already reluctant national government from doing so. In the actual vacuum of national policy they expanded their claims, especially for more money to foster development and support provincial services.

The further complication of their situation was the Ontario-Quebec axis, a traditional phenomenon, but considerably increased in strength and significance by Quebec's Revolution of the 1960's and Ontario's fairly open support of it. If Quebec had been a province like

the others, its logical course would have been to join with other discontented provinces to demand vigorous national action, contrary interests in Ontario notwithstanding. But the powerful conservative forces within Quebec dictated that its radical drive for self-improvement would be accompanied by large demands for French-Canadian linguistic and cultural rights, and, given that the Quebec government was to be the instrument for advancing these as well as economic programs, an extreme claim of provincial constitutional powers. While the Ontario position remained considerably more moderate, the Ontario sense of a "special" relationship with Quebec and Ontario's own traditional stress on provincial rights, along with its economic interest in inhibiting national action, led it to give a general and substantial support to Quebec postures. The premier of Ontario as well as that of Quebec emphasized the sovereignty of his jurisdiction by declaring himself a "Prime Minister" - a model of self-promotion to be followed, logically enough, by the premier of British Columbia. It was important that, at the same time, Ontario always retained the initiative - alone among the provinces - to lead a coalition against the pretensions of Quebec or, indeed, for the re-activating of national government; and statements by its government were always careful to keep the province's options open.

The situation which these circumstances presented to the four Atlantic and four western provinces, considering that Ontario and Quebec representatives also typically dominated the national government, was a complex one indeed. The cry of provincial rights advanced by the central provinces appealed to the vanity of the others, and sometimes to their interest. Some of the provinces were ready enough to go it

alone - British Columbia and Alberta because they felt they had sufficient internal resources, and Newfoundland with the aid of special subsidies and the unusual personality of its premier. The others were attracted by the idea that, if they got their hands on enough federal money, they might also vault into independence, and thrown into doubt by the uselessness of fighting the Ontario-Quebec axis and the improbability that anything except money could be wrung from Ottawa. They could not be unconscious of the fact that their interests were regarded with indifference at the power-centre - not a vicious opposition, but the tolerant unmalicious indifference of those who do not know and do not care. On the other hand, the out-provinces were genuinely concerned, if deeply puzzled, by what seemed an adolescent tantrum in Quebec, and perhaps even more by the indulgent attitude of the Pearson government towards it. In this confusion, the other provinces registered their dissatisfaction with their votes (as so also did out-Ontario by voting N.D.P. and out-Quebec through the Creditistes). However, given the power structure, their protests had no particular effect, except perhaps to deepen the gap of incomprehension between themselves and the power centre. At the most optimistic, the obvious disenchantment may have stimulated the fashioning of cautious developmental policies by the national government towards the end of the period, such as A.R.D.A. and special investment incentives in depressed areas that sought to deal with Canada's problems of rural poverty without particularly offending the provinces of Ontario and Quebec.

Perhaps the deeper meaning of this failure of either the provinces or the national government to find a direction was that the provinces, even in their most aggressive hour, were ceasing to count. If the provinces are becoming anachronisms, which may be, it is because Canadian society is dissolving into a scatter diagram of cities, bound tenuously in alliance - and rivalry - by trend lines of transport routes. It is debatable whether the premier (or "Prime Minister") of Quebec is more important than the Mayor of Montreal. Notwithstanding that cities are constitutional creatures of provinces, there are "three levels" (not two) of government in Canada. The Government of Canada has shown acuteness in one respect, an awareness - not shared by any provincial administration to the knowledge of the writer - of the importance and problems of cities. With this awareness, the Government of Canada may still turn out to be a government of the future. The cities, and their problems, will be discussed in a subsequent section.

But the best performance in the period since 1948, and the best augury of the future, was that of the Canadian people. It has been recounted that they were a desperately confused people, and that they tried to solve all their economic problems in political ways. But they were also a well-intentioned and ambitious people. Many in Quebec, including the "separatists", wanted to build a fine, new society. The conglomerate, phlegmatic, "English", demonstrated compassion. Aided by their fundamentalist ideology, they took psychological satisfaction from the belief, even if it was false, that by putting up with the existing conditions they were placating the French-Canadians and preventing a

division of the nation. And the centennial celebrations of 1967 that closed the period furnished an occasion for the expression and regeneration of national pride.

The Cities

It has been noted that the world-wide phenomenon of city growth in the 1950's and 1960's proceeded with particular speed in Canada. If the same trends continue, 80% of Canadians will live in large cities by the end of the century, and at least another 10% in small ones. By 1967 the typical Canadian was a city-dweller and, while it is important to notice that many city-dwellers retain a baggage of rural attitudes, the city outlook has also imposed itself increasingly on rural residents. It seems probable that the rural population of the future will be people who mostly share the urban culture but happen to live apart. This probability is important in many directions, not least industrial relations, since collective bargaining through unions has characteristically been an urban phenomenon, and anti-unionism has been strongly rooted in rural and small town traditions.

A predominance of urbanism has profound implications also for the structure of government. The dukedoms from which provinces descend constituted areal jurisdictions over expanses of agricultural territory, though the central government of kings had the prescience to preserve its direct authority over important towns. The successor provincial governments have been constitutionally in charge, not only of rural areas, but the towns within them. While urban centres were dependent

and relatively insignificant, the arrangement was convenient enough. But a regime of large cities violates the assumptions of this order. The large city which is constitutionally a creature of the province may dominate its supposed creator economically and socially. As the real structure of the nation becomes a network of cities, provincial administrations tend to become irrelevant - or worse, an unrepresentative cabal of rural influences that obstruct the serious business of the society. Meanwhile the national government of Canada, perhaps remembering its descent from kings, has increasingly reflected the new reality by becoming a committee of city representatives. There is, thus, a promise of attention to the cities' difficulties by the government in the best position to deal with them. But, at the same time, the relentless growth of the megalopolis intensifies problems of social co-ordination to the point that they may be beyond solution.

The Technological and Economic Basis of Large Cities.

The technical basis of the large city exemplifies the directions in which modern European societies have performed best. Following on the coal-burning steam engine which permitted factories to be located in cities, the ubiquitous availability of electricity and other forms of energy has allowed almost unlimited concentration of people and their economic activity. Another previous limiting factor on the size and location of cities, food supply, was similarly removed by a vast increase in agricultural productivity and the proliferation of transport facilities. Still another barrier, chronic and epidemic disease, was overcome by

medical advances and the development of water and sewage systems, for which a dense population allows decided economies of scale. Essential to the modern city and its characteristically large structures has been the relative safety of electric lighting and other means to reduce fire hazards (and the dangers of dark alleys). Important if not essential, also, has been the availability of steel as a construction material, allowing vertical expansion. All these were contributions of the nineteenth century, in which a remarkable growth of cities occurred.

The second and much greater twentieth-century wave of city growth has depended, not only on a perfection of earlier developments, but notoriously on extensive use of the internal combustion engine. The nineteenth century had not failed to deal with the problem of expanding city area, and had introduced urban transport systems. But the fact was that these became unacceptably inconvenient and time-consuming beyond a distance of five or ten miles. Systems of underground transport might be excepted from this stricture (and have remained essential for the aspiring megalopolis), but they did not solve another problem, that of moving goods about the city. The impossibility of handling unlimited numbers of teamsters and horses, and the serious problems of fueling and parking the horses, checked the earlier waves of city growth.

It was the motor truck and the automobile that allowed the twentieth-century wave of urban expansion. The truck was the more essential to proliferating urban economic activity, and lubricates the cities everywhere. In Canada and other affluent places, however, the private automobile is more visible. Its fruit was a relentless outward

march of residential suburbs, the upward march of freeways and, latterly, increasingly intractable problems of parking, dense traffic, and air pollution. If the trend to unlimited urban growth is checked in the twentieth century, it will likely be primarily on account of these difficulties.

Given the technological means for an indefinitely large concentration of people, and release of the city from the necessity to rely on contiguous sources of food and fuel, the explanation of rapid city growth is simple: the city is the centre of the market and, increasingly, the market itself, the embodiment of "Mass Consumption". Whereas the return forms on advertising circulars once had a space for "Post Office", they now insist firmly on "Street Address", "City" and "Zone", making clear that it is unlikely if not immoral that any without these attributes should be spending money. And, indeed, another side of city growth is the depopulation of the countryside, speeded by the transfer of many facets of farm operation to urban pre-fabrication.

If the key to city growth is its role as a market, then its growth should continue at a steadily faster rate, since the larger the city, the better the market. And in this period it was indeed the largest cities that grew fastest, as a general rule.¹² It follows, however, that there has been a very serious threat to the growth of each city on the basis of its market: the pull of other cities, especially larger cities, disposing

¹²See Economic Council of Canada, Fourth Annual Review (1967), Ch. 7, "The Challenge of Rapid Urban Growth".

of more attractive markets. And, in fact, small cities have often stagnated and many towns have declined. A further corollary is that it is extremely difficult for a new city to spring into importance: essentially, the map is congealed at the point of time that market-orientation overrode all other considerations in the location of industry. Still another corollary is that it is a meaningless question to ask whether the substantial cities are located where it would now be logical to locate them: their existence is their sufficient justification.

It is a more certain justification because the city is not just a collection of people, and not just an economic entity, but a corporate political force that can and does re-arrange conditions to preserve and advance its corporate interest. In contrast to the placidity of the countryside, securely immemorial, the city has always felt vulnerable, and has therefore been nervous, aggressive, and nationalistic. Its corporate interest has been expressed especially in the twentieth century by the promotion of unlimited growth, from which nearly all its inhabitants feel they will derive advantage. The city has therefore been anxious to reduce the pressures that might strangle it, such as traffic and housing congestion, and to promote and "sell" itself. Perhaps its most important corporate role is to bring the pressure of its numbers and wealth and organization on "senior governments", from which important reliefs and prizes may be won. In this role, the city is typically in rivalry with other cities. However, since from the viewpoint of the great city the other cities are part of their constellation

or hinterland as well as rivals, a national city committee may wish to award appropriate prizes to everybody except those with really bad cards.

Given the power of the market and the corporate power of cities to safeguard and promote themselves, Canadian cities in this period have been a great economic success. Their sophistication and "civilization" have also advanced decidedly, and constitute the aura of the new age of affluence, education, and sophisticated technology. Yet, there are some dreadful weaknesses and contradictions in their situation, and the recent triumph of cities, especially very large cities, may mark the apogee of their careers rather than a step in their upward thrust.

Cities and Provinces

Many of these problems are predominantly political. In some of them, provincialism is involved in the direct sense that the constitutional position of the city has become anomolous. Others turn on a more cultural kind of provincialism, the slow progress in exchanging the ideology inherited from rural conditions for one more suitable to the collective life of the city. While a political problem implies that there is a political solution, the question remains of how readily and fully these lags may be overcome. This question is pertinent also to the economic stresses that undermine the advance of cities, for while they are rooted in real economic questions of scarcity, and particularly the scarcity of urban space, their amelioration turns heavily on quasi-social questions of "political economy".

At the lowest level is a parochial reluctance to treat as single cities, politically, the collectivities that in economic and social terms constitute one city. Canadians may be congratulated for displaying in this matter a better sense of wholeness and logic than has been generally found elsewhere. They have created metropolitan governments in Toronto and Winnipeg, and many other amalgamations and metropolitan devices are mooted. It is the fact, on the other hand, that the meanest kind of local self-interest, real or imagined, obstructs coalescence everywhere, and that it may also be obstructed by a provincial government, as it has been, for example, in Manitoba, from belief that a multitude of squabbling municipalities - however undesirable otherwise - will minimize the chance of a successful challenge to provincial authority.

The constitutional relationship of large cities to the provinces is also anomalous. Deriving from a conception of the dependent commercial centre of an agricultural region, the city - though usually preceding the province historically - has been made a constitutional creation of a province. But this relationship becomes increasingly unbearable as cities tend to become more important in reality than provinces, and rural areas an appendage of the city rather than the other way round. It becomes unbearable in economic terms because the tax system that has evolved in Canada draws a great proportion of its revenue, not infrequently almost the whole of it, from the cities - yet the cities have only an

indirect and often weak voice in the spending of it.¹³ It becomes intolerable in political terms as rural electorates continue in provincial (and, less markedly, in national) affairs to have an influence far beyond that justified by their numbers. There has been a strong tendency, then, for provincial governments to become a device whereby the tax revenue of the economically-potent city is direct as much as possible into the politically-potent country. The resulting tension of urban-rural relations is perhaps most obvious and acute in the case, frequent in Canada, in which one city overshadows all others and the province itself. However a duopoly situation of two major cities also occurs, and raises peculiar questions of its own.

¹³The only tax for which information on geographic sources is available is the Personal Income Tax. However it seems a fair indicator of the sources of tax money both because of its own importance and because some other taxes (e.g. corporation income tax, business taxes) probably come even more overwhelmingly from the cities. While the ultimate incidence of taxation is an involved question, the fact is important that so much tax revenue does come from urban people.

As the table on the following page shows, about 80% of Personal Income Tax revenue is paid by city people except in the Maritime provinces and Saskatchewan. In the last mentioned provinces the weight of taxation on the cities, taking into account their share of population, may be even heavier than in more urbanized provinces. It is also instructive that a single city provides a giant share of the tax revenue in several provinces - 75% in Manitoba (Winnipeg), 58% in Quebec (Montreal), 50% in British Columbia (Vancouver) and 40% in Ontario (Toronto). These amounts are distinctly out of line with the populations and political representation of these various cities. The point is not that the system is unjust (which may be debated) but that the political position and weight of the cities, as formally recognized, is grossly at variance with the fiscal reliance upon them.

RETURNS OF PERSONAL INCOME TAX FROM CANADIAN CITIES
AND OTHER AREAS, BY PROVINCES, 1965

Province	Total Personal Income Tax Payable	Tax Payable by Cities	Cities %	Other Areas %
Newfoundland (2 cities)	30,227	16,207	53.6	46.4
Prince Edward Island (1 city)	5,875	2,776	47.3	52.7
Nova Scotia (4 cities)	65,902	41,099	62.4	37.6
New Brunswick (3 cities)	47,774	24,804	51.9	48.1
Quebec (19 cities)	477,159	423,837	88.8	11.2
Montreal only		228,738	58.4	
Ontario (36 cities)	1,421,698	1,143,203	80.4	19.6
Toronto only		562,161	39.6	
Manitoba (3 cities)	130,441	104,348	80.0	20.0
Winnipeg only		98,063	75.2	
Saskatchewan (4 cities)	116,431	56,674	48.7	51.3
Alberta (5 cities)	203,648	154,823	76.0	24.0
British Columbia (11 cities)	361,592	274,368	75.9	24.1
Vancouver only		181,104	50.1	

Source: "Table 5: All Returns by Cities or Place of Residence",
Taxation Statistics (1967 ed.) p. 36-51, Dept. of National
Revenue, Taxation Division.

While this situation is anomolous it is not simple, and the simple transition by which the cities may sooner or later acquire a voice in provincial government appropriate to their populations and importance scarcely promises utopia. The diversion of political revenue away from cities turns not only on the reward of political support, but on the fact that the social problems of rural areas are frequently acute and the fact that (paralleling the national problem of industrial concentration in Ontario) there is a strong case for dispersing economic activity more widely within the provinces, for social as well as economic reasons. If rural reluctance to give cities an adequate voice in provincial affairs has produced undue attention to rural interests, it has also been supported by the fear that urban-dominated governments would neglect those interests. However, what seems to cause still more tension than the clash of interest is the clash of ideas. And here the rural anxiety rests less on fear of neglect than on the probability that city-ideas will be imposed on the countryside, as the cities seek to integrate it into city-centred society. Clashes of precisely this sort have been frequent, for instance, over efforts to modernize schooling in rural areas. Whereas the incomprehension of urban situations by provincial legislators has been a major problem of the past, their inadequate appreciation of rural situations may be a considerable problem in the future.

However, it has not been practicable even for rural-dominated provincial governments to maintain a simple anti-city policy. For the city is usually the province's greatest asset, the goose providing its

golden egg, and should not be abused too much on that account. Moreover, many of Canada's sweetest advantages are handed out among rival city applicants by the national government. For best results in this scramble, for province as well as city, realism requires the province to give unswerving support to its city in this matter, no matter what disagreements may exist over other things.

A particularly interesting example of these cross-pressures is provided by Montreal. Even more than Toronto, Vancouver, and Winnipeg, it is distinct from its province, and not only in its economic activity and income levels. Economically, Montreal's ties and interests reach far beyond Quebec - one reason why "separation" of Quebec (if Montreal is included) has been an improbable threat. It has been rather more an English than a French city, standing in this contrast too to the remainder of the province. These differences, and the exceptional gap between urban wealth and rural poverty in Quebec, produced the usual arrangement that Montreal's tax payments financed benefits for other parts of the province. At the same time, however, Montreal has provided the main body of French-Canada's intense nationalists and revolutionaries, whereas the remainder of the province has been generally suspicious of change and could not be held in check indefinitely even by stirring appeals to "French-bess". In fact, "French-ness" has paid better in Montreal, where it could establish an exclusive right to employment, than in other urban centres where there were few "English" to displace or rural areas where it adds nothing to farm output. Hence, as Montreal activists have tried to round out a modern and French society, the cleavage of province

and city has been sharp on this side, too. Yet, despite all these divisions, political realism has ensured that the province should not fail to back up its city in winning advantages from the national government.

The vitality of the city, then, has found a way. As it continues to engross population, it may escape also from the inconvenience of rural-oriented provincial governments. Yet it is an anomaly that the great city should be wholly subordinate in law to the province it over-shadows, and the possibility of the future, that Canada will really consist of a collection of city states ruling their hinterlands through their respective and theoretically superior provincial governments, is not very pretty either. A more functional and articulated constitution would recognize the entity of cities, and relate them directly to the national government in their major concerns - as practice in many ways does already - leaving provinces to administer truly local affairs in their areal jurisdictions, as they were originally meant to do. However, the history of constitutional negotiation in Canada allows for little optimism that adjustments can be made easily or quickly. What may be hoped for, however, is a wider recognition of the deceits and chameleon character of provincial governments. When the claims of the provinces are important, it is because they are made as spokesmen of the truly substantial interests, the cities, and when the provinces are not speaking for the cities, they are not very important at all. Complicating their pretensions is not only the familiar fact that the populace is also represented directly (and somewhat more accurately) at Ottawa, but the less-recognized one that the cities already deal directly with Ottawa in many of the matters that concern them most.

It is perhaps in this connection, as far as the cities are concerned, that the greatest dangers and opportunities now lie. The example of education - another major Canadian and city interest - may illustrate the point. As education has ceased to be primarily a local or a consumer interest, and especially after 1950 became a major aspect of the nation's social life and a central engine of its economic development, the national government responded with massive support for higher education, both the occupational training for which it has always been the main provider, and the university education that has been transformed from a local frill into the technical key to growth. However at the end of the present period, in response to the rigid constitutional views of Quebec and perhaps some others, the national government put mechanical limits on its financial support and thrust exclusive responsibility for university and technical education on the provinces, whether they liked it or not. It seems already plain in 1968 that great harm is being done to higher education by this course, and too likely that much more will be done. What also seems likely, given the weight of the "educational interest", and the apparently unanimous view outside Quebec that the existing arrangement is harmful and unsuitable, is that the major national interest in higher education will be explicitly recognized and revived. Meanwhile, however, there will be delay and damage. The risk for the cities is a similar one. Their real national interests and connections have received practical recognition, and, given the importance of the cities, can probably not be permanently denied. There is, again, however, the risk of backward-looking constitutional attack on behalf of provincial

authority. Its nature would be in the attempt to force cities to channel their dealings with the national government more, rather than less, through provincial channels, and to impose provincial considerations on national provisions for cities. Measures to perpetuate provincial importance in the face of its increasing anachronism, such as a voice in the selection of Senators and judges, would similarly complicate solution of the cities' problems.

City Growth and Decline

Attention, so far, has been to the general position of the city, especially within provinces and the nation. But still more crucial for the city's future is its internal structure and the forces making for its growth and decline.

The most striking phenomenon of recent times has been the growth of the gigantic city, based on the pull of its enormous market. It has nevertheless been suggested that the economic advantages of locating economic activity in very large cities is being overtaken (may already have been overtaken) by the disadvantages.

Both the advantages and disadvantages of the great city turn on the availability of technical conditions that allow very wide choice in industrial location. Given these conditions, the original advantages of the large city are substantial. Much of the market could be reached by local delivery that had to be made anyway. Labour and suppliers were readily available. Both managers and workers usually preferred to live near the city's amenities, and city investors preferred their familiar

environment and were disinclined to search strenuously for other good locations. The power of the city was sure to have won discriminatorily favorable transport rates and facilities, and provided the promise to retain them. As against this, small places offered only the advantage of lower wages, often an illusory advantage reflecting a dearth of skills. And really skilled workers and managers might be reluctant to live in such places. Besides, it takes a higher and more imaginative calibre of manager to do well outside the routinized city, as the sorry record of industrial relations in Canada's one-industry towns makes plain.

The threat to this one-sided balance of advantage has been raised by the growth of the city itself. It is the threat of congestion: lengthening commuting time, increasing nervous strain, the parking dilemma, and the shortage and rising cost of housing. At the same time, the city's amenities become harder to reach, while escape into the cleaner air of the country also requires a major expedition. The impact of these on industrial location may come through sharply rising wage and salary rates required to compensate. Sites may also be expensive and hard to find. And, as far as supply and delivery are concerned, it may become more complicated to move goods about the city than to send them to the North West Territories. All this may invite, and there are many cases where it has invited, another look at the advantages of other locations in smaller centres. Provided the requisite labour force is willing to live in them, their advantages may appear considerable. Land and upkeep cost less, and the ubiquitous truck may make transport easier than in the city. A number of developments of the era have worked to make

small places more congenial to workmen and managers. They have become more urban, more conscious of amenities and appearance. The spread of technical education promises increasing and more flexible skills among the locally-rooted. The multi-plant corporation has its own peculiar solution, in its ability to fill gaps from its extensive labour force and to move key workers around without sentencing them to permanent exile. And, increasingly important, there is the availability of cheaper housing. Frequently there is also a differential advantage to the investor in taxes and subsidies, but this is a political advantage extraneous to the present argument.

The basic problem of the very large city is not politics (though it has political problems to be examined), but the economic fact of scarce space, which in a commercial society expresses itself in economic rent. Its effects can be delayed by new tricks in fast transportation, by massive subsidies to housing, or greater ferocity in expropriation. But all these simply involve shifting the real costs of scarcity from the original victims to others. There is no way to escape from the real costs altogether, for they rest on the fact that if one possesses the scarce site, another cannot have it. To this have been added some very considerable external diseconomies of big-city life. These used to reveal themselves in the propensity of rurally-oriented populations to dump night soil in the streets, and the technical triumph of the water closet put a stop to that. A modern equivalent is the air pollution effected by automobile exhausts, and there may be a technical solution to that, also. But an interim solution that has

been advocated, to prohibit most automobile traffic downtown, overlooks the fact that the present size of cities was only made possible by the automobile. That these and other difficulties raised by congestion are very serious is suggested by widespread evidences of unrest and desire to escape, meaning primarily escape from the kind of life demanded by the large city environment.

City Planning and Cultural Lag

The city has discovered the means to overcome its barriers to expansion before, and it may well do so again. But the answers cannot be only technical, for the city's dilemma turns on wider matters than purely technical or economic questions. A complication of the problem, if not the main problem itself, is the familiar phenomenon of cultural lag. Men have become civilized in the sense of living in cities, but they have not become civilized fast enough in the sense of learning how to live close together, and in abandoning conventions of their rural and individual past to make room for those more suited to a collective existence. In this respect, the limitations of Canadians in handling their cities have an obvious parallelism to their limitations in handling labour relations. Since "City Planning" has become the general term subsuming the means by which these limitations, in respect to cities, might be attacked, it is instructive to consider Canadian attitudes to it.¹⁴

¹⁴The discussion that follows depends heavily on a study done for the author by Mr. Kenneth J. Whitwell, a senior student in City Planning at the University of Manitoba. Also referred to is a perceptive paper on this subject delivered by Mr. Earl Levin, Director of Planning for Metropolitan Winnipeg, January 13, 1968.

The planning of cities in the collective interest has been practiced for centuries in some parts of the world. However, the Canadian (and American) approach to the management of cities derives from the English one. It's basic premise is that the Englishman's home, a homestead in which others had little direct interest, should be his castle. What must be sedulously guarded in the individual and social interest (society being merely the sum of individuals), is the right of each to do as he will with his own. This attitude has continued to find reflection in the courts, as also in the economic views which stress the virtues of the free market. In line with this, public opinion and law have been suspicious of any public regulation of what an individual may do with his property, and especially of any retroactive restraint. Similarly, while the law has recognized the concept of a nuisance, it preserves its doubt whether the hogs on Farm A are really much of an inconvenience to the owner of Farm B, and whether freedom of hog-raising should be curtailed even if they are. The courts have been reluctant to acknowledge as actual nuisances the pollution of air or water, and still more hesitant to prohibit a nuisance as distinct from an award of damages to a complainant.

It follows that zoning and city planning are not - yet, at least - proof of a new awareness of the general urban interest. In the first place, they have been severely restricted by law in their application. A city plan has not been binding on established users, and enforcement of zoning has had to be roundabout, by the means of requiring building permits and prosecuting those who violate their rules. While somewhat wider powers may be developing, the fact remains uncertain because

courts continue to be squeamish and contradictory about what they will uphold. These limitations reflect the outlook of a society that continues to put first emphasis on individual interest and to regard regulation as a juggle of private gains. Thus, zoning regulations have usually existed to protect the property values of preferred districts, but have also the role of providing capital gains for enterprisers who can manipulate a relaxation of the restrictions. While cities have been moving on to comprehensive plans for their own rational and pleasing development, and while these may become the reality of the future, planning is at present still subject to the principle that, "If the market situation is such as to make obsolete an existing configuration, then it's silly to attempt to resist the change."¹⁵ This seems no great distance from the rule of the first cities in the American colonies, "Whether the streets were straight or crooked was not of importance as long as money was made".¹⁶

Efforts to improve urban co-ordination, while they are substantial, are hampered by other attitudes inherited from the past. Very serious as impediments are the indulgences of individualism and the "free market" which permit and encourage private interests to obtain competitive

¹⁵ Statement attributed to Mr. Earl Levin, Director of Planning for Metropolitan Winnipeg, Winnipeg Tribune, July 27, 1968.

¹⁶ Quoted from a study carried out by K. Whitwell, "City Planning: The Power of Society versus the Rights of the Individual", 1967.

bids for the greatest disregard of aesthetic, health, and safety restrictions from the municipalities in which they will locate or remain. The acute feeling that wider employment opportunities must be found, widespread in Canada in the recent period, facilitated this evasion of restraints and tended to break them down altogether. ". . . The power or control by a town or city decreases as its competitive position decreases. Thus an area which is poor of has very low growth often has to settle for minimum standards . . . which results in a town which has an even lower competitive position. . . ." ¹⁷ An obvious outcome is the various kinds of pollution which - encouragingly for planning - have roused widespread complaint. Municipalities - and, indeed, provinces - hesitate to risk "driving" their job-making polluters into more tolerant, rival, jurisdictions.

In economic terms, pollution and other abuses of the general urban (or public) interest constitute cases in which resources are not allocated to their best uses, precisely because the private gain-seeker escapes paying the real costsof gaining his output. Some of them, instead of being the private costs which they should be, are pushed off to be borne by other people. The private accounts by which the firm operates are therefore much at variance with the social balance of gains and losses. There are many parallel cases in labour relations, in which the beneficiary of a labour force fails to pay the full cost for it, which may be borne as unemployment compensation or welfare payments by the

¹⁷ Whitwell, op. cit.

public. It is a legal and political tradition with ancient and rural roots that justifies this behavior, and not economics - though welfare economists are so much themselves products of the individualist tradition that they have been skittish about showing how the abuses can be stopped.¹⁸

In considering the prospects for escape from these difficulties and the more consistent planning of more attractive cities, there appear to be two lines of approach, a local and a general. In the first, strong or far-sighted municipalities might take a vigorous stand against abuses and in favor of creating a superior urban environment. They might then be in a position to attract preferred industries, preferred workers and managers and, in at least some respects, to demonstrate preferred costs. Since power to improve, like its opposite, is cumulative, success in this endeavor would make possible still greater success. Efforts to provide superior environments have, in fact, won a fair response in the past, and may well receive warmer ones in the future. From this could come what is still not much in evidence, a pattern of genuinely urban-oriented attacks on urban problems.

¹⁸The costs of avoiding pollution might be regarded as equivalent to the costs of obtaining preferred sites, which constitute economic rent. Professor John Dales of the University of Toronto has put forward the provocative proposal that our pollution problem has been compounded because we have not treated it in terms of rent (it has not been counted as a cost at all), and that the best solution is to transform the cost of overcoming pollution into an economic rent. His proposal is that governments issue and sell permits which allow the buyers to pollute. The effect ought to be that those who can readily avoid polluting will do so, and those who cannot readily avoid polluting will pay (and pass on) some of the real costs which they impose on the community. The same principle could be applied, if the population is hardy enough, to abuses of the health, safety, and security of the labour force.

Such local attacks may, however, leave most urban centres without power to deal effectively with their problems, faced as they are with competition in lowering standards from other municipalities. For these, what may be required is a general solution, the elimination of destructive competition and substantial positive support of improvement. This might be partially accomplished by provincial action but the fact is that the provincial governments, besides being predominantly rural in outlook, are also in competition for industrial location, often in as unsalubrious ways as the cities themselves. It would be better for city planning and improvement if national standards (still better, international standards) could be enforced, both to reduce scope for abuses and because Canada's national government has demonstrated much more comprehension of and sympathy for urban problems than provincial ones. Here, indeed, the situation is the reverse of that in general economic development: it is the provinces that in spite of their constitutional authority over cities have left a vacuum to be filled, and the national government that has expanded its role as a de facto guardian of the cities. There is the difference, however, that the health of the cities (like general development) is a genuine national concern and in most respects can only be dealt with well at a national level. If this constitutional anomaly can be sorted out, or effectively evaded, there may be a better future for city planning - and the national government itself.

Housing - The urban problem that attracted the greatest attention up to 1967, and involved the massive intervention of the national government, was the problem of housing, especially of the urban poor. The record of it tells much about the cities, and about Canadian society.

It is arbitrary to say what part of Canada's city population is poor, but if the poor are defined as those unable to buy adequate housing for themselves, their proportion has increased, perhaps to become a majority of all city-dwellers. There have, of course, always been poor people in the cities. And it has become harder for poor people to have adequate housing simply because the meaning of "adequacy" has changed to mean better and more costly housing. But there is another and more important reason why urban housing has become a prominent issue, and it is crucial to the future of the cities. It is that the cost of acceptable housing in cities has outstripped the incomes of ordinary citizens. Whereas the "average workingman" of the city could afford in 1910 to buy a socially-acceptable home (cities, of course were smaller in 1910, and housing costs are still relatively low in small cities) he could not do so in 1967. Since a city unable to accommodate its average workingmen is headed for destruction, this is a serious matter.

One dimension of this difficulty is the limited success of the construction industry in rationalizing its operations - an impediment too complicated to explore here. A second has been a very large increase in interest rates, fantastically out of proportion to any

"guide lines" for wages, but possible because interest is still viewed as a phenomenon beyond human control. A third very important factor in large cities has been a marked increase in land prices. Often denounced as the work of "speculators", this price rise has been a simple reflection of the scarcity that produces economic rent. Proposals to deal with it, often for socializing the ownership of land on the outskirts of cities, provide a classic example of the incongruity between old individualistic ideas and new social situations. But even social ownership of land would not create more building lots close to the centre of the city. The logical solution from an economic viewpoint, it has been suggested, is a diversion of population away from large cities and towards less congested places. But this is not the solution that many influential people want, such as owners of downtown real estate who calculate that their economic rent (expropriation of this is never discussed) will continue to rise as the population and congestion of the city increase. Hence there is a search for formulas that will evade the effects of congestion in some respects while retaining them in others. Particularly wanted is a formula to provide the housing that will retain workers in the city without paying them the high wage rates that would allow them to buy housing on an uncontrolled market. But the improvement of urban housing also has a welfare aspect, and some facets of this, such as the renewal of decayed districts, may constitute a very desirable investment from an economic viewpoint as well.

Approaches to this question provide instructive illustrations of the cleavage of rural and urban attitudes, not to speak of some confusion. An informed observer has accused provincial governments (he had the Prairie ones in mind) of "talking housing in terms of the rural and small town context" and of being "simply . . . unaware of the urban fact in Canada."¹⁹ The national government, on the other hand, has shown notable awareness of the housing (and other) problem of cities, and has made substantial provision to deal with it through its Central Mortgage and Housing Corporation and programs for urban renewal. Somewhat distinct from this is the position, a rather puzzling one, of city planners and related professional groups. Its universal counsel appears to be that, since many city-dwellers cannot afford the housing they want, i.e. single detached dwellings (commonly denounced as a hangover of rural notions), they should accept the multi-family housing that would conserve on land costs.

An economist may have too much regard for consumer preference, as city planners obviously have too little. It is nevertheless strange that a population continually reminded of its increasing affluence should be required to accept housing that is socially less-acceptable than that of its grandfathers, and often physically less-acceptable as well. Why, then, do city planners insist on an ever-increasing density of city population to permit an unlimited growth of city size?

¹⁹ Mr. Earl Levin in the paper previously cited.

If planners were not so sincere, they might be dismissed as nothing more than a lobby for down-town real-estate operators. What may be more at fault is an excessive success of communication: planners seem prone to derive their ideas from the most populous and congested parts of the world, where increasing density is almost apphysical necessity. Canada, however, is still a land of expansive space, and the tendency if economic forces are allowed to work will be to make use of it. That is, future urban growth may serve to expand small cities rather than to increase the density of large ones, which is perhaps what a national planner of cities would also recommend. If this occurs, it will not affect the dominance of cities in general or the advantage of planning cities in the light of their social interest, but it will make a substantial difference to the kinds of housing that will be wanted and the mechanisms through which it may be provided.

Urban Poverty - The city like the rural poor have always been with us, but commonly they are inarticulate and receive little attention. They do impinge, however, as factors in the housing problem, the welfare problem, the health problem, and the crime problem. And several forces worked in the recent period to widen consciousness of the existence and disadvantages of urban poverty. One is the presumed affluence that makes this poverty incongruous. Especially as a vast expansion in the capacity to produce is assumed, the restricted consumption of the poor appears pointless and self-defeating. Another is that a sense of poverty has worked upwards in the cities, promoted by housing difficulties and rising prices and rising expectations, to involve segments of society

that are distinctly articulate. A third is a demonstration from the United States that neglected ghettos of urban poverty can produce alienation, crime, and riot to the point that the future of the great city is itself thrown into doubt. The question arises whether, beyond some point of growth, the large city may fail to survive its internal social divisions.

The truly poor of Canada's cities constitute another two-nations problem alongside others like the English-French, rural-urban, and employer-employees problems. Many in the cities may be regarded as affluent, including the better-placed wage-earners. These are the wage-earners who have heard of Industrial Relations Acts, and are likely to have recognized skills and belong to unions. Along with others of the relatively affluent they operate the institutions of the city, including the New Democratic and Communist parties. In contrast to these stand the unorganized and inarticulate poor. Undoubtedly they have television, prime opiate of the masses. Yet luxury for them is to be paid the minimum wage without a kick-back and to be employed with reasonable regularity. Their employers are predominantly the gutter employers, faced with gutter competition and equipped with gutter morals. But it is true, as these employers would argue, that their employees often are not very dependable or worth very much. A solution to their problem must include means to raise the efficiency of this part of the labour force.

It has been Canada's fortune, hitherto, and unlike the United States, that the urban poor have not appeared as a distinct and

distrusted racial minority. In contrast to the United States, where the instinct of many of the affluent is to push the poor under again, and kill them if they won't go, better-off Canadians have preserved a general though unconstructed good-will towards the poor. As a vague sympathy, in unconscious conflict with what citizens often think to be their interests, it offers only an uncertain support for programs of human renewal. Yet it does provide scope for dealing with a basic and possibly urgent problem of the city. The city is inherently vulnerable. It is far less able than rural areas to survive an alienated segment of its population, for its intricate structure allows many aspects of its life to be easily paralyzed. That something of this is recognized is suggested by increasing efforts to ameliorate poverty. One of the tests of the city's capacity for survival will be whether these efforts can be made more vigorous and effective.

The question of urban poverty is also important for industrial relations. With the ascendancy of cities and their monopolization of employment, it would be appropriate that the gaping loop-holes in Industrial Relations Acts, catering particularly to the anti-unionism of small-town employers, should be closed. If a mass of unorganized poor are to remain in the cities, however, there will be pressure to preserve loop-holes for the supposed benefit of their employers. Conversely, legislation which strengthened unions and diffused collective bargaining could constitute one of the most effective means of overcoming urban poverty.

Industrial Relations, 1948-1967

The forces which dominated Canadian affairs ~~in this period~~, an unstable and frequently depressed economy and the rise of divisive provincialism, were reflected all too faithfully in industrial relations. There were, indeed, at the same time, new influences abroad from a new technology and the more sophisticated and urbanized society being created. However, given the weight of past traditions and current obstructions, these new influences were more often viewed as alien than as welcome ones, and in this time provoked resistance to change rather than deliberate adjustment. The typical consequence of their existence, therefore, was an unresolved impasse. It may, of course, be claimed that new forces continued to develop within the old system and found release in the new ideas and social ferment that characterized the more buoyant environment at the close of the period. Nevertheless, the actual record in industrial relations of most of this period is one of retrogression more than progress.

After a remarkable advance in the 1940's, unionism stagnated in this period - in numbers, industrial areas represented and, it seems fair to say, in outlook. Fitting in with this, and notwithstanding an increasing sophistication of management in several respects, employers primarily concerned themselves with taking advantage of unemployment and union weakness to gain short-term advantages over labour, rather than with building a healthy industrial relations system as a base for meeting the problems of the future. In legislation, the Industrial Relations and Disputes Investigation Act of 1948 represented the denial of federal initiative and a retreat to provincialism. It was followed in the 1950's and 1960's by a wave of restrictive provincial legislation conceived in the spirit of the Taft-Hartley Act of the United

States. The pall of the period also hung over the state's orientation to the labour market. For most of the period it applied only casual and traditional policies: a blunderbuss approach to immigration and an employment service used in practice for the restrictive policing of unemployment insurance.

Much of this sad record can be blamed on the enervating effects of endemic unemployment, as became clear with the fortuitous return of high employment after 1963. The growth of unionism revived, as did its spirit. The militancy by which the revival of spirit was often expressed, frequently viewed as dangerous and incomprehensible, might equally be regarded as a healthy repudiation of a dead past. At any rate, it produced a more accommodating attitude on the part of employers, and a livelier industrial relations that could tackle some of the problems, such as the effects of technological change, that had been ignored before. The new condition of high employment produced an even clearer effect on the Canadian government, which displayed a refreshing vigor in tackling the structural weaknesses of the Canadian labour market. And, while this Government found no such clear sense of direction in respect to labour relations, its appreciation that traditional arrangements might no longer be adequate led to the appointment of the Task Force on Labour Relations.

The Unions - Between 1939 and 1949, union membership in Canada almost tripled, both in membership (over one million in 1949) and as a percentage of the labour force (nearly 20% in 1949). Membership continued to grow at a respectable if less spectacular rate up to 1956, when there were almost 1.4 million union members, nearly 24% of the labour force. Thereafter, there was no significant growth of membership and unionized labour declined somewhat as a proportion of the labour force.

The surface explanations of this phenomenon are familiar. On one hand, traditionally unionized employments were contracting as a proportion of the labour force. One reason for this was the failure of Canadian manufacturing to move far from the plateau established during the Second World War, a weakness compounded by the unfavorable exchange rate and depressed conditions after 1956. On the other hand unionism failed - indeed, it did not try very hard - to break significantly into the rapidly expanding areas of employment, traditionally non-union, of which the most important was the spectrum of employment categorized as "Services". Along with the labour force itself, unionism was in danger of becoming structurally obsolete.

One factor in this weakness was general unemployment - and, when unemployment declined in the 1960's, union growth revived. Another factor was the hostility to unionism of many employers and of governments influenced by employers, a matter of which more will be said. But, the relationships we are dealing with are two-directional: if hostile governments and employers made unionism weaker, it was also true that it was union weakness that allowed employers to be high-handed and governments to enact confining legislation. And some of the weakness of unions was promoted and maintained by organized labour itself.

A prime source of union weakness was internal division. Under pressure of the American Federation of Labor, the Trades and Labour Congress had been forced in 1939 to expel C.I.O. unions, so that Canada was required to have two major labour congresses besides the Catholic Syndicates that operated almost exclusively in Quebec. But this division did much less

harm than it might have because the national unity produced by the Second World War strongly affected labour organizations also. Assisted by common exasperation with the Government's mismanagement of labour relations, there was in fact a remarkable unity of labour in practice, though not in organization, throughout the war years.

However, labour unity failed to survive long once the war had ended. The disunity that succeeded it turned in part on rivalry of the congresses, but much more on a fission of both. The major, though not quite exclusive issue, was the communism attributed to various unions and union officers. To a considerable extent, it was an issue imported into Canada from the United States. However it had some local roots, both in the suspicion of communism that intensified with the "Cold War", and in the readiness of various "anti-communists" to use this issue as their claim to union leadership. Altogether, it had the same effects as the anti-communist hysteria that followed the First World War, of rendering labour a divided, preoccupied, and greatly weakened force.

The major expulsions were performed by the Canadian Congress of Labour. They had the intended effect of undermining the strength of the expelled unions, but not the intended effect of getting them replaced by acceptable ones. In particular, the most powerful union in Canada, the United Steelworkers, devoted a decade of its energy and money to the attempt - only moderately successful - to displace the Mine, Mill and Smelter Workers' union. The resulting spectacle scarcely recommended unionism to union members, much less to others, and still leaves its legacy of bitterness in many quarters.

While expulsion was more characteristic of the Canadian Congress of Labour, the leading issue in this anti-communist campaign turned out to be

whether the ancient Trades and Labour Congress would participate in the destruction of its affiliate, the Canadian Seamen's Union. A longtime conservative - and courageous - union leader, Percy Bengough, then President of the T.L.C., would not. In the end he was overpowered by a combination of Canada Steamship Lines, the Canadian National Railways, the Government of Canada, the Royal Canadian Mounted Police, the Canadian Labour Relations Board and, of course, the American Federation of Labour, its Maritime Division, and its roadmen in Canada. This, the most despicable episode in the whole of Canada's labour history, eventually found a partial chronicle in the Norris Report. What it particularly illustrates is the moral atmosphere with which Canadian unionism has to contend. For one thing, it was this event that introduced open labour gangsterism into Canada. More significant, however, has been the anxiety of a galaxy of important interests to get the Seafarers' International Union re-sanctified, and to mollify the A.F. of L. Maritime Division and the U.S. Secretary of Labor, so that there should be no interruption of Great Lakes' shipping.

Given the suicidal character of unionism from 1947 to 1949, its influence was bound to decline. In the saner atmosphere of the early 1950's, culminating (after the merger of the A.F. of L. and C.I.O.) in the formation of the Canadian Labour Congress in 1956, there was a real prospect that unionism would recover its importance and influence and, by expansion, increase them. This possibility was to be denied, however, by the general unemployment that existed from 1957 onwards. At the plant level, employers did not have to pay much attention to unions, and they did not. At the political level, governments did not have to pay much attention to unions, and they did not. The best the unions could do was to improve

their housekeeping, and the writer's impression is that they tried to do this. With the revival of high employment in the mid-1960's, a new situation existed, but it will be noted in a separate section of this study.

The Employers - Employers vary greatly in character, and management is a somewhat different thing again. Some generalizations about their behavior seem possible, nevertheless.

Up until about the middle of the 1950's those who directed the main industries tended to display a greater maturity and longer view than before in their labour relations. Indeed, in a more limited and uncertain way, a similar judgment might be made of small and remote employers. For one thing, most employers came to accept, as a fact, that the law supported the principle of collective bargaining. The temporary superiority in competence which union leaders in general had achieved over managers in general stimulated the more sophisticated employers to strengthen their side, most commonly by adding experts in labour and personnel matters and paying more attention to them. For a time there was an environment reasonably favorable to the literature of human relations, whose message was that employers could maximize profits by building and maintaining good relations with their employees and the unions that represented them in bargaining. Under this tutelage, indeed, the previous militancy of many locals was replaced by a complacent apathy on the part of the membership and something close to a sweetheart relationship between their ageing leaders and management. In some cases this outcome was hastened by the elimination of alleged communists from leadership. And in the strongly unionized industries, generally, it was facilitated by union success in extracting a private system of social security from employers.

Of the years of unemployment after 1956 a much less favorable generalization must be made. These were years of hue and cry against unions and the very principle of unionization, emanating most volubly from small employers. They were years, in consequence, of restrictive anti-union legislation in most of the provinces. The part in this of substantial employers appears, for the most part, to have been relatively passive. But substantial employers did demonstrate a remarkable unconcern for the stable, long-term industrial relationships they were supposed to be building, when unemployment - backed up by anti-union legislation, an anti-union atmosphere, and considerable internal strife in the unions - made it easy for employers to win cheap victories in bargaining. The chickens of labour bitterness hatched at that time were to come home to roost in the mid-1960's.

Legislation: The National Government

The reluctance with which P.C. 1003 had been accepted by the Canadian government and many employers left open the possibility that even this modest state support of collective bargaining might be repudiated after the War. Not that there was anything sacred about the particular forms provided by P.C. 1003, for which better alternatives could readily have been devised if the climate of industrial relations had been salubrious.²⁰ However, the

²⁰For instance, the grant of a monopoly of bargaining rights to one union for each certified bargaining unit is a somewhat anti-democratic device that harks back to the hostility of the A.F. of L. towards "dual" unionism. But a good, practical reason for it is the difficulty experienced by any one union, let alone several, to maintain a meaningful bargaining relationship with the typically anti-union employer of North America. If employers had been willing to participate in good faith in a voluntary system of collective bargaining, it might have been possible to dispense with the legislation. Indeed, this ideal was long nurtured in Canada, and abandoned only because it was apparent that most employers would never recognize the right of workers to bargain collectively except under compulsion.

practical choice in 1948 was between continuance of the essential features of P.C. 1003 and a reversion to the jungle-type industrial relations of the 1930's.

In the event, the momentum of the wartime economy and the continued growth of organized labour in the late 1940's ensured that the provisions of P.C. 1003 would be preserved and consolidated in the Industrial Relations and Disputes Investigation Act of 1948. On the other hand, the Act of 1948 represented no advance: except for tidying up a few details, it was a re-statement of the wartime regulations. Nor was any change to be made in the ensuing twenty years. Deliberately preserved, then, were such anomalies as a system of elected bargaining agents heavily weighted against unions, and non-enforcement in practice of prohibitions of unfair labour practices. This example of inertia has its obvious parallel in the record of the Industrial Disputes Investigation Act, which also hung on for decades in the absence of any force able to improve its principles, or even its details. What these cases appear to demonstrate is that the powerful conservative forces in Canadian society are indiscriminating in their objection to change. They will prevent any innovation until a crisis imposes it, but they will preserve intact whatever comes out of the crisis until there is another crisis. This suggests that Canada is bound to be extremely vulnerable to cultural lag. It also suggests that new legislative measures should try to provide for the future, as well as the present, since the prospect for rational periodic readjustment is minimal.

However, though the IRDI Act of 1948 made no particular change in P.C. 1003, it nevertheless constituted a giant retreat, from a unified treatment of the Canadian labour market back to provincial jurisdiction over most industries. Labour was the one element that was strongly

opposed to this reversion. Provincial governments, or some of them, wanted their jurisdictions back, apparently for prestige reasons and with little or no awareness of the nature of a national economy. The federal government, though playing the neutral role of broker, seems also to have preferred a return of labour jurisdiction to the provinces. More surprising is the apparent indifference of employers. Employers with nation-wide interests, an important group, might have been expected to object to fragmented jurisdictions over their labour relations. But, if they did have objections, these found very watery expression. Since nobody but labour cared, provincialism of labour legislation was re-established with the sop to labour that Canada's "labour relations" acts might be kept fairly similar to each other, and perhaps even re-unified someday by a constitutional amendment. The logic of such a unification, so that the Canadian labour market can be treated constitutionally as a unit, may appear obvious. In terms of practical politics, however, it appears to be even more remote from realization in 1968 than it was in 1948.

Legislation: The Provinces

The reversion of substantial labour jurisdictions to the provinces in 1948 was at odds with the concept of a national economy, but the actual amount of harm done depended on how the provinces used their jurisdictions. As far back as the 1880's, Privy Council decisions implied the possession of major labour jurisdictions by the provinces. Yet the consequences were not very serious for several decades, because the provinces tended to leave this jurisdiction to the national government and otherwise to ignore it. As long as no government, either national or provincial, undertook to regulate collective bargaining except in relation to disputes, the questions

that arose did not usually turn on the inappropriateness of jurisdiction.

This irrelevancy no longer existed after 1948: with each government promulgating an act to regulate collective bargaining in considerable detail, the question of jurisdiction was bound to come to the fore. Yet, it was still true that the harm done by fragmentation in law could be diminished - or increased - by the attitudes that the provinces adopted. For instance, the legal pretense of provincial labour enclaves cut across the national bargaining that had developed in the packinghouse industry, and created a certain amount of difficulty for it. Yet, when provincial administrations accepted that they had no real jurisdiction over this national bargaining process, as they mostly came to do, the damage became potential rather than real. Perhaps substantial damage was done in discouraging other industries from developing a national system of bargaining, but there seems to be no way to demonstrate such an effect.

The disturbance generated by division of the labour jurisdiction also turned on the extent that provincial regulation of industrial relations varied in approach and detail from the norm which the Industrial Relations and Disputes Investigation Act was supposed to establish. Provinces differed, in fact, in their degree of deviation and in its direction - towards or away from - legal support of collective bargaining. In general, the variations became greater as the years passed. On one hand, the province of Saskatchewan during the tenure of its C.C.F. government maintained legislation exceptionally favorable to free collective bargaining. On the other hand, most provincial governments demonstrated a marked propensity to enact restrictive "anti-union" legislation in this period. This phenomenon, most revealing of the pressures and attitudes operating in Canada, is worth considerable exploration.

Restrictive Provincial Legislation - Within the general trend towards restrictive legislation, it needs to be kept in mind that the legislation of some provinces, besides Saskatchewan, hinged on special, local, circumstances. Thus, the legislation of Quebec, and still more its enforcement, reflected the peculiarly reactionary regime of Maurice Duplessis. Though anti-communism played its part in legislative reaction, Quebec was the only province to follow the lead of the American Taft-Hartley Act in prohibiting certification of unions alleged to have communists among their officers. This limitation was proposed in 1949, withdrawn under union pressure, but enacted in 1954. The Quebec of the 1950's also was more than commonly hostile to the conception that government employees should be conceded collective bargaining rights, including the right to strike. In assessing this outlook, it needs to be noted that civil service positions were peculiarly prone to patronage appointments in Quebec.

Newfoundland also provides a special case, and not merely because it became a Canadian province only in 1949. Its provincial career started with labour legislation close to the general Canadian pattern and, since its popular and flamboyant premier prided himself on once having been a union organizer, Newfoundland might have been expected to show more than usual sympathy for collective bargaining. But a different face was revealed when the Woodworkers' International Union sought aggressively to organize Newfoundland loggers in 1958-1959. The restrictive legislation produced by this initiative came at the height of provincial legislative reaction; yet it seems to have owed much less to outside ideas than it did to the character of Newfoundland and Premier Smallwood. Other administrations aspired to subtlety, protesting that their restrictive legislation was not

a punitive attack on labour, but a means to give effect to socially-desirable principles that would be beneficial in the end even to union members. In contrast, Newfoundland enacted extremely direct legislation which revoked I.W.A. certifications, declared void any agreement into which the union had entered, denied re-certification without consent of the provincial cabinet, gave the cabinet power to revoke any certification, and provided for de-certification of a union if any officer had been convicted under the Criminal Code - a measure also aimed openly at the I.W.A. and what was supposed to be its fault of provoking violent strikes. This pointed approach appeared also in the demand of the provincial government that the Royal Canadian Mounted Police be used to crush the I.W.A., a demand that involved it in conflict with the Government of Canada.

What was declared, in sum, was that the premier would brook no rival power in Newfoundland, especially a power imported from the mainland. Undoubtedly there was extensive support in Newfoundland for this position, deriving from its characteristically insular outlook and retarded economy. Though the loggers who tried through the I.W.A. to make Newfoundland logging into a serious professional occupational were a considerable (and determined) group, they were vastly outnumbered by those who wanted logging to remain a by-employment into which they could enter casually between fishing seasons. Parallels can be found in other provinces where hostility to professional standards and effective unionization in such employments as auto mechanics and carpentry reflects the desire of farmers to enter these employments in their off-seasons if they are so inclined, an interest that probably played some part in the restrictive legislation of other provinces. Only in Newfoundland, however, was restriction oriented to a

particular union which affronted the premier with its open contempt for feudal social arrangements and its connection with the New Democratic Party. This singularity was underlined by a partial relaxation of Newfoundland's draconian restrictions in 1963, when the I.W.A. threat had subsided. The episode also provided further significant evidence, if any were needed, of the uncontrolled and perhaps uncontrollable character - far beyond jurisdictional entitlement - that provincialism has acquired in Canada. Notwithstanding that Newfoundland's legislation constituted an outrageous interference with basic rights from the viewpoint of the more developed parts of Canada, and that the contemporary Diefenbaker government was more willing to exercise federal powers than any other of the period, the Canadian government declined the opportunity to disallow Newfoundland's labour legislation.

Turning from these exceptional cases, the distinctive aspect of provincial labour legislation in this period, as already noted, was still its restrictive character. It was a period haunted by the American Taft-Hartley Act (and, later, the Landrum-Griffin bill), and both the anti-union spirit of American legislation and its particular restrictive devices were vigorously urged on provincial administrations. To an extent, this apparent causal relationship was the valid one: there was a real disposition in some quarters to ape American measures, and some anxiety of managers with American backgrounds to mold Canadian labour relations into a pattern more familiar to them. However, the essential causal relationships operated the other way around: important interests in Canada for their own reasons wanted to confine unions and collective bargaining, and frequently found the

most convenient way to express their desires to consist in recommending restrictions that had already appeared in the United States. But the more general quality of the Canadian reaction became evident wherever, because of different conditions, an American example would not serve: for example, in hampering so far as possible the activities of a substantial labour or socialist party, a phenomenon that has not for a long time existed in the United States. Also peculiar to Canada was the way in which the national government intervened from time to time in railway disputes, preventing the operation either of ordinary collective bargaining or of systematic arbitration.

While restriction was always in the air in this period, legislation which actually expressed it came in two waves, of which only the second was of substantial proportions. The first, abortive, wave was simultaneous with the Taft-Hartley Act; the second appeared from about 1958 to 1962.

The immediate post-war flurry of restriction rested on forces similar to those which, in the United States, produced the Taft-Hartley Act. Its broad base consisted in hostility to any kind of legislative acknowledgement of unions and collective bargaining: i.e., to the Wagner Act and to Canada's P.C. 1003. This sentiment was perhaps most pronounced in small cities and towns, but there was considerable supplementary support from unregenerate employers in larger places who still viewed "individual" bargaining as the best system. The power of this approach developed, however, out of the wave of postwar strikes, for which unions were usually blamed. Strikes are always irritating to a considerable section of the public. There was a strong additional - and emotional - ingredient in this

instance, however, objection to what the strikes were supposed to be about, a more favorable post-war world for labour. A further injection of emotional intensity was provided by the post-war wave of anti-communism, to which unions themselves made a considerable contribution. In sum, the mood in and around 1947 was not far short of hysteria.

What must be surprising, with such a background, is that this wave of restriction went no further than it did. British Columbia imposed the requirement of a government-supervised strike vote in 1947. Prince Edward Island passed a very restrictive general act in 1948 - but this province could be regarded as another special case. And that was about all.

The main explanation for the limited nature of this provincial reaction appears to be that those unfriendly to unions and collective bargaining were satisfied with what they were able to accomplish in another way. They were able to ensure, first, that the new federal labour act and the provincial acts that echoed it made no significant advance over P.C. 1003 in their enforcement of collective bargaining. Second, they were able to ensure that the main labour jurisdictions would be those of the provinces, less effective and more open to anti-union pressures than the federal jurisdiction, and disruptive of national or broad bargaining systems. That this is the right explanation is suggested by the fact that Canada's reorganization of labour legislation in 1948 accomplished, for Canada, the same results that the Taft-Hartley Act provided for the United States. In neither case was the purpose to destroy existing unions and their established relationships with employers, in which the employers, also, often perceived a vital vested interest. The purpose was rather, in both countries, to put labour on the defensive and block the advance

of unionism into new territory. The object, and outcome, was to maintain differentiated systems of industrial relations in two segments of the society. Collective bargaining, though hampered in some ways, could nevertheless be maintained with reasonable effectiveness in highly-developed and urbanized industries. At the same time, it was denied in practice to small-scale and small town employments; or, indeed, to any situation in which hitherto-unorganized workers were not very sure of themselves and the employer was strongly opposed to bargaining collectively with them. The devices that promoted this result, notably a certification procedure that allowed a determined employer to obstruct and delay certification until the applicant union could in most cases be destroyed, and so cumbersome a method of dealing with unfair practices that traditional "union-busting" methods were still available to the employer in practice, were available in any jurisdiction. However, in terms of confining unionism, there were marked advantages in having the labour relations of most Canadian workers under the control of the provinces. Whereas provinces could, and sometimes did, shut their eyes to flagrant breaches of the law by anti-union employers, the obscurity that hid such events was less possible in a national system. Moreover every provincial government in Canada was based in this period on a small-town and rural electorate and, excepting Saskatchewan, gave much less weight than proportional representation would have dictated to urban and industrial areas in which unionism was familiar and accepted.

The importance of maintaining the authority of provincial governments of this type over labour relations became particularly apparent in the major wave of restrictionism which lasted (after a rather violent build-up of anti-union expressions and sentiments in 1958) from 1959 until, approximately, 1962. At least seven provinces were affected, though Saskatchewan's

participation came late (after the victory of the Thatcher Liberal government over the C.C.F.). While the measures enacted usually appeared in several jurisdictions, they display a curiously random quality, as if the various administrations had no great conviction about their merits, but felt it necessary to select some restrictive measure or other to placate anti-labour sentiment among electors on whom they depended.

One popular measure was to establish - or, more exactly, clarify - the status of unions as entities that could be sued, leaving uncertainty of the extent to which unions might turn out to be held liable for unauthorized acts of their members (British Columbia, Newfoundland, Manitoba). Another was restriction on picketing, sharply in the direction of confining legal picketing to that of actual employees at an actually-struck establishment during a "legal" strike, and, therefore, outlawing "secondary boycotts" and sympathy strikes (British Columbia, Newfoundland, Alberta). Alberta also, in effect, prohibited strikes in "essential services". Manitoba demanded government-supervised strike votes. These measures were in the tradition of the Taft-Hartley Act. There was also legislation to regulate the internal affairs of unions more comparable to the Landrum-Griffin Act (Ontario, Newfoundland, British Columbia). Finally, there were provisions that reflected the existence in Canada of a New Democratic Party which drew its major financial support from unions. These severely limited the right of a union to provide funds for a political party (British Columbia, Prince Edward Island, Newfoundland).

An explanation of this phenomenon seems to reside, first, in the persisting general objective of confining unionism to its established areas. Union numbers had expanded considerably in the early 1950's, but

without a significant penetration into new areas of employment. However the drive for union consolidation, which culminated in formation of the Canadian Labour Congress in 1956 (with some prospect that the Catholic syndicates might also join), was explicitly designed - among other things - to support a more vigorous effort to organize the unorganized, and hence to break out of the existing union base. In this context, restrictive acts of the provinces served as counter-measures to hamper and unbalance any union offensive that might appear.

What gave a fervor to the anti-union atmosphere and legislation of this period, and put a conclusive check on any union break-through, was the general unemployment that pervaded Canada from 1957. As well as reducing the economic bargaining power of unions, depressed business conditions weakened the political influence of unions while strengthening the hand and increasing the numbers of its enemies.

In the condition of unemployment everywhere, provincial governments did not have to fear that restrictive labour legislation would drive workers out of their jurisdiction; or, at least, not so many as to threaten labour shortages. Nor, if they acceded to the pressures for restriction, did they have to fear that unions would be able to launch a formidable resistance. It was a period in which public capacity for reasoning in an intelligent way about the economy deteriorated even more rapidly than the economy itself: the greater the number of unfortunate workers thrust into voluntary unemployment, the more voices were raised to declare that unemployment existed because shiftless people would rather draw unemployment insurance benefits than search for jobs. In a similar way, there was suspicion that unions must have been in some way responsible for the depressed conditions.

For the most part, however, the provinces did not rush into restriction: they were pushed. It seems clear that the major push came from rural areas and small towns and their small employers - a non-urban and sometimes anti-urban interest which was unfamiliar with unions and collective bargaining but tended to regard them unfavorably along with some other features of the large city. By the 1950's Canada's rural and small-town population formed a greatly reduced proportion of the whole. However, it was a population markedly over-represented in provincial legislatures, and one that tended to throw up representatives of very conservative if not reactionary views whenever business conditions were depressed - this had happened in the early 1920's, in the 1930's, and was repeated in the 1950's. It may be noted that the publicity campaigns waged on behalf of restrictive labour legislation, which reached their crescendo about 1958, were led by Canada's Chambers of Commerce - quasi-employer organizations that fail to attract a great deal of attention from large employers but reflect the attitudes of small employers, especially those in small cities and towns.

In this small-employer, small-town and rural reaction, it is possible to detect both an economic and a political rationale. In economic terms, the traditional solution of small employers (and sometimes large ones) for depressed conditions is to cut costs - especially wage costs. The small employer, especially, does not wish to search for an alternative solution and, indeed, may be in a position where there is no other solution because of the limited nature of the business or of the employer himself. Weakened and remote as unions might be, they could still be seen as a threat to the maintenance or reduction of already-depressed local wage rates;

for a resentful local labour force might screw up its courage to invite the assistance of a professional labour organizer, which could lead in turn to the complications and costs of becoming enmeshed in Labour Relations legislation. Perhaps even more exasperating and unfathomable for the local non-union employer, and a good many others, was the fact that unions went on demanding increased wages, and to some extent getting them, in the midst of falling profits in 1957 and 1958. As other periods demonstrate as well, there are many who can see no connection between the rapidly-rising profits of employers that appear during business upturns and the attempt of labour, two or three years later, to collect its share.

In political terms, the legislative reaction of this period might be interpreted as a desperate, perhaps last-gasp, strategy to maintain rural and small town political power in the face of the growing cities. Enjoying substantial urban support, as it did, the reaction served to consolidate rural forces, to gather to their aid the city elements also hostile to unions (and, often, to other aspects of urban sophistication), and to justify the continuance of over-weighted rural representation in legislatures as the most likely to produce sane and balanced government. All these seem to play their part in an instructive and documented case, that of the Brandon Packers strike and inquiry, which is presented below in some detail. Before turning to this, however, it seems appropriate to notice another important interest in the events being discussed - that of large employers.

Canada's large employers were essentially the same ones (excluding some sectors) who had had substantial experience in bargaining collectively with unions of their employees. In the early 1950's, it appeared that a

good many of them saw their best interest served by establishing and maintaining good relations, and therefore necessarily long-term good relations, with the unions that concerned them. What part would they play, then, in the anti-union wave that set in with recession?

The general answer appears to be that, while large employers familiar with collective bargaining rarely took an active part in promoting restrictive legislation, they did give it a passive blessing, and few (if any) spoke out strongly against it. In other words, the objective of building good long-term labour relations, though perhaps not often abandoned, was at the first shot qualified by the convenience of having labour hampered and preoccupied by restrictions for which the major blame would attach to others than themselves.

This reversion to a short-term horizon (where it had ever been laid aside) was reflected as well in the bargaining and general attitude of substantial firms. With unions decidedly on the defensive, on account both of unemployment and the threat of hostile legislation, it was an unusual employer who did not use these advantages to obtain congenial settlements in collective bargaining. Subsequent events give ground to suspect that many firms, as well, took less pains than formerly to practice "good industrial relations" and prevent or remove grievances.

Probing a little deeper, it seems fair to suggest that the policies of corporate business, the rise in managerial sophistication notwithstanding, has not in all respects been freed from superficial improvisation. There is certainly abundant evidence that the typical corporation has moved far from the short-term commercial outlook of the nineteenth century. Business planning has become fashionable in respect to the growth of markets, the

provision of new plants and machines, and the development of new products and techniques: so much so, that the horizon of business management compares very favorably with that of the state which (with the church) used to be about the only social agency to take much account of the distant future. But events compel the conclusion that, for most firms, labour relations have remained a blind spot in the subjection of every variable to corporate expertise and planning. When circumstances demand, management may pretend and even believe that it is taking a broad and long-term view of its labour relations. Yet, as soon as labour is at a disadvantage, there is quick reversion to the short-term expediency of getting the most out of it while one can.

One factor behind this readiness to trade a jungle victory for civilized progress appears to be the hazard of shareholders. It is familiar that corporate business was socialized long ago, that its purported owners have no more knowledge of it than anyone else and are only interested in their dividends, that the managers really select the boards of directors and control the companies. But, whether or not this is close to the truth, it remains a (perhaps anachronistic) fact that shareholders still demand attention. Their influence is the more dubious precisely because they typically know or care little about the business, but only about its profits and performance on the stock market. With a characteristic short-term view, frequently that of the speculator, they leave well enough alone while profits and stock quotations are rising. But, despite a long experience of business fluctuations, they incline to think of any given profit level as the base from which a further advance should occur and are never really

prepared to acknowledge that - in a well-managed company - profits may also decline. They can be mollified, to be sure, by explanations within their understanding: for instance, that the firm is engaged in a long-range reorganization of its plant structure which temporarily destroys profits but will pay off someday. But, endowed with a commercial outlook appropriate to an earlier age, and unequipped to conceive of long-term investment in people (as distinct from buildings and machines), it is beyond their contemplation that "their" company should suffer declining profits without shifting as much of the burden as possible to the labour force. The manager, then, is put under pressure to "save" on labour costs in the short-run even if he believes that this will increase costs in the long-run. In truth many managers still think of buying labour as they think of buying rivets, at the best current price, and have the same view of the matter as shareholders. Managers more sensitive to labour relations may be able to a degree to protect the firm's investment in its labour force without the knowledge of the shareholders, and to some extent this blessed deception appears to be practiced in almost every firm. However, the manager who tries too hard to retain the firm's investment in good labour relations against shareholder importunity may find himself removed, as appears to have happened to at least one outstanding corporate manager in Canada. The prospect for overcoming this difficulty through managerial enlightenment must therefore be qualified, and the alternative of educating shareholders is, to say the least, a very long-term proposition. A solution, but only a very partial one, is available through legislation to restrict the amount of abuse of the labour force that shareholder pressure may occasion. Whether they like it or not, shareholders accept as facts such legal

requirements as those which restrict working time and impose pension and unemployment payments. Other nods towards humanity might be added to these: for instance, labour courts empowered to deal with grievances of unorganized workers, and obligatory compensation of workers displaced from employment by technological changes.

However, such changes could only nibble at the fundamental problems of attitudes. And what appears to have nourished a managerial attitude of indifference to good labour relations in the late 1950's, even more than shareholder pressure, was management's prevailing view of unemployment. The prevailing view appears to have been (and to be still) that a substantial percentage of unemployment - enough, at least, to keep most kinds of labour in distinctly surplus supply throughout the country - is the "normal" state of affairs. Ground into consciousness in the 1930's, which from this viewpoint was Canada's finest hour, it has been suggested that expectation of extensive unemployment in the "normal" post-war period underlay the behavior of managers during the "abnormal" decade of the 1940's. The expected post-war depression did not occur and the continuance of high employment in the early 1950's almost persuaded employers that they really did live in a new age. Policies of concern for and co-operation with labour appropriate to a situation in which workers had a distinct scarcity value, though far from achieving the acceptance and maturity of a Scandinavia in which full employment was the long-term experience, were clearly developing. Then in 1957 (after a foretaste in 1954) came the reversion to chronic unemployment. It became obvious to anyone who had missed the fact previously that Keynesian economics no longer had any significant influence on the economic policy of the government. Gladly or perhaps sometimes reluctantly, corporate management settled back to its

familiar environment of over-abundant labour relative to demand. With common types of labour always readily available everywhere, and the reasonable presumption that this state of affairs would continue indefinitely, there was no reason to cultivate the labour force beyond the requirement, where unions were strongly organized, to avoid excessive strike losses. But, with unions weakened by unemployment and hampered by legislation, this hazard was not very formidable either. As for the restrictive legislation, if future labour requirements were to be cared for indefinitely by a chronic labour surplus, there was no particular reason to expend energy on building up good relations with workers and their unions. In a situation in which it was commonly said that Canada's cost structure was too high relative to that of other countries (and, due to an excessive exchange rate and a low use of capacity, it was true), there was also thought of wage cuts, which would be bound to produce bad relations with workers and unions anyway. From this viewpoint there was little to be gained, and probably something to be lost, by interfering with the anti-union propensities of provincial legislators.

As has been pointed out before in this study it is very difficult and perhaps impossible, for the sort of reasons just noted, to establish and maintain the humanity and economy of good relations between labour and management except in an environment of high employment. And, also remarked before, the condition required is not occasional but nearly permanent high employment: only so, it appears, will Canada's employers ever abandon their ready return to the simple and familiar depression techniques of labour management and commit themselves to constructive long-range labour policies. Managements are adaptable, in various

directions, and new attention may have been given to good long-term labour relations with the revival of high employment in the 1960's. But it is also apparent in the 1960's, as in the 1950's, that many managements will return at the first opportunity to depression labour policies; indeed, that many managements have never ceased to try to use them. It is another chilling fact that business spokesmen have frequently urged policies on government that would maintain or accentuate severe unemployment. It is difficult to escape the conviction that this counsel, consciously or unconsciously, is designed to perpetuate indefinitely a world in which employers do not have to build good long-term labour policies, or even to have labour policies beyond buying work-time at the lowest possible price until it is no longer needed.

The Brandon Packers' Strike

The Brandon Packers' strike of 1960 was so minor an episode in the record of Canada's industrial relations that special mention of it may appear incongruous. Brandon is a small city, and Brandon Packers' was a relatively small meat-packing firm. Its 120 employees, members of the United Packinghouse Workers' Local 255, are numerically insignificant in the catalogue of employment and industrial disputes. On the other hand, the dispute that culminated in the Brandon Packers' strike and the Inquiry that followed it brought out clearly many of the influences then at work in industrial relations and, particularly, the attitudes prevailing among small-city employers and those who shared their viewpoint. The strike and subsequent Inquiry were, at least officially, the justification for introducing restrictive provisions into the Manitoba Labour Relations Act in 1962. Finally, because of the uproar that surrounded it, this strike

enjoys a substantial documentation.²¹

Both the anti-union atmosphere of Brandon and the contrasting paternalistic industrial relations of Brandon Packers (from 1944 to 1956) bore importantly on the events of 1960. Aside from the traditional railway trades, Brandon had few unions. Rather, it contained a body of employers who were mostly small and mostly vigorously opposed to unionism and collective bargaining. After compulsory collective bargaining was introduced into Canada, some of them defied such laws rather openly. One of their convictions was that wages in Brandon should be substantially lower than in large cities, notably Winnipeg. On the other hand, the founder and owner of Brandon Packers, Mr. J. C. Donaldson, as long as he had control of the firm, maintained very cordial relations with his employees and the local union that represented them. Contracts, at a modest differential below Winnipeg in wages and more in benefits, were easily negotiated. In return, the work force was notably loyal and, as it turned out, excessively trusting.

The next condition of the Brandon Packers Strike was the sale of the firm to new owners in 1956. The new owners were entrepreneurial buccaneers: they "bought" Brandon Packers with other people's money obtained by the sale of bonds for the ostensible purpose of modernizing the plant. They also extorted massive "management fees", thereby producing a thoroughly

²¹Manitoba, Report of the Brandon Packers Strike Commission (Mr. Justice G. E. Tritschler, Commissioner), 1961; the extensive record of evidence taken by the Commission; United Packinghouse Workers, Brief submitted to the Commission, Sept. 26, 1960; Manitoba Federation of Labour, "The Reply of Organized Labour to Justice Tritschler's Report. . ." (Jan., 1962). In addition, Prof. G. McDowell of Brandon University has prepared an exhaustive study of the strike and Inquiry.

false picture of the firm's profit position. However, none of this was publicly known until 1960, when the investigations of the Tritschler Inquiry brought it unexpectedly to light. What was known was that, after pressing Donaldson to stay until 1958, the owners appointed A. L. Wudel as their manager. It was Wudel who fought the union with great energy and aggressiveness in the Brandon Packers strike, apparently with the approbation of a good many Brandon citizens. Indeed, when his principals settled the strike, he renounced them and became the favorite witness of the Tritschler Commission, which assembled the tale of fraud and forebore to inquire indelicately into Wudel's failure to disclose malpractices earlier or his role in worsening industrial relations.

The character of the new owners of Brandon Packers precluded the possibility of honest dealings between company and union after 1956. Amazingly, however, it was not until 1960 that the union gave up trying to reach a peaceful agreement. What this illustrated was the value of an investment in good labour relations (or the danger of paternalism) and the time it may take to run down such an asset. On the ground of giving the re-organized company a chance, and in obvious hope of due reward by a continuing paternalism, the union let itself be put off time after time. It did not press for the pension plan promised in the contract of 1956. It did not insist on the new contract due in 1958 but, on the plea of the company that it needed more time, postponed negotiations to June, 1959. When that date was reached, conciliation proceedings allowed the company to stall for another six months. Indeed, by giving false information to the Conciliation Board the company was able to get the "favorable"

recommendation of a 2¢ per hour wage increase in the majority report. This award would have widened the differential between Winnipeg and Brandon packinghouse wages and benefits by about 20¢ per hour, according to union calculations, not counting additional gains that Winnipeg packinghouse workers might obtain in 1960 and 1961 (the actual 1960 gain was about 14¢). Not surprisingly, even the remarkably placid membership of the Brandon local (and the remarkably unaggressive leadership of the union) found this award unacceptable. On Feb. 16, 1960, the members voted to strike, and the strike actually began Feb. 29, 1960. Events just before the strike revolved around an alleged last-ditch offer of the company that, in addition to a 2¢ wage increase, it would match increases made by the "Big Three" in 1960 and 1961. This "offer" was certainly made in a letter directed by Manager Wudel to individual employees, may have been made orally to the union negotiators, but was not made in writing to them. It could be variously viewed as an attempt to divide and confuse the union members or as a reflection of Wudel's unfamiliarity with industrial relations practices - he by-passed the union and appealed directly to employees on other occasions. The chief importance of the episode arose from the fact that Commissioner Tritschler thought the "offer" should have been accepted, and regarded non-acceptance as prime evidence of the union's incompetence and bad faith.

The strike itself is important only because, as it dragged on, attitudes hardened and eventually a Judicial Inquiry was appointed to investigate it. The manager fought the strike vigorously, starting off with an individual letter to each striker on the first day of the strike

to inform him that he was fired. With the aid of strike-breakers, a significant level of production was maintained. As the months passed it seemed increasingly clear that the union was losing. The union also viewed as ominous the appointment in June of the Judicial Inquiry, the handiwork of its (and organized labour's) enemies. It was therefore a fortunate and unexpected development for the union when the owners of Brandon Packers - without concurrence of the manager - suddenly settled the dispute at the end of August on terms acceptable to the union. The motive, it seems apparent, was to dissuade the Tritschler Commission from investigating the owners' financial manipulations.

In terms of the forces that govern industrial relations these foreground events merely provided points of contact, and it is the background conceptions and attitudes that were crucial. Events themselves could have little impact because they were interpreted to support two sharply different views of proper industrial relations. One of these views conceived of equal and accommodative bargaining between union and employer as normal: the other thought in terms of superior-inferior relationships, considered the employees' best interest to consist essentially in the well-being of the employer, and was skeptical of unions which challenged that conception. How "ideological" and impervious to evidence these clashing viewpoints are - or at least were - is very well illustrated by the sharply different interpretations put on the Brandon Packers strike.

From the viewpoint of organized labour, and of others who view collective bargaining as normal and desirable, the Brandon Packers affair was just another example of the harm that can be done by a management that

is unreasonable and ignorant of the techniques and values of good industrial relations. In this view, the only remarkable feature of the affair was the extraordinary patience of the union membership, and the complacency - and some incompetence - of union leadership. The blame attaching to the union was for its lack of militancy. Even so, a management whose rapacity knew no bounds eventually drove the union into a strike. In the course of the strike, a certain number of things were done by union members that were technically illegal; but, in view of the provocation, the wonder was that the members continued to be so law-abiding. Management, on the other hand, provided something like a classic example of actions that assaulted good industrial relations. It seemed apparent that the manager (Wudel) did not want a collective bargaining relationship but aimed to establish non-union conditions. Repeatedly he by-passed the union and appealed directly to the employees, in effect proposing himself as their bargaining agent. When a strike ensued, he followed a course reminiscent of the "Remington-Rand formula" for breaking strikes, whether he had heard of this example or not.

But professionals in the field of collective bargaining, priding themselves on having heard everything, are relatively passionless about industrial immorality. If a settlement can be reached with a maverick employer - and, in this case, that suddenly became possible - by-gone sins should be forgotten. Similarly, organized labour took the position that, if there had to be an inquiry, it should be an "Industrial" rather than a "Judicial" Inquiry. The difference in law, if any, is obscure. But the difference in intent is real. An Industrial Inquiry is supposed

to promote settlement of differences between employers and workers, without dwelling unduly on "blame" for the dispute, and the value systems that "blame" implies. A Judicial Inquiry, on the other hand, is expected to find somebody guilty of something.

The events of the Brandon Packers strike had an entirely different appearance to another element in Manitoba, spearheaded by small employers in Brandon. In their view, an employer was a public benefactor who took risks to provide jobs, and the individual employee should be glad to accept employment on the terms offered, if he could not find better ones. In their view, also, small employers and small cities suffered under extreme and unjustified handicaps. The significant aspect of Brandon Packers was not its failure to bargain in good faith. It resided, rather, in the demonstration (unfortunately based on false information) that a small firm in a small city was incapable of competing with big-city firms unless it enjoyed a large advantage in wage rates. From this point of view, the four years that the employees of Brandon Packers had let themselves be put off from demanding wage improvements showed their basic realism and responsibility. Their eventual insistence, indicating irresponsibility, was attributed to malevolent outside (union) influence.

Particular interpretations of this sort drew support from a general campaign of the same period for an extensive list of legislative restrictions on unions. The inspiration of most of the restrictions was the Taft-Hartley Act, and the general argument in support of them was that of the Taft-Hartley Act, that unions had become too strong. An outsider, viewing the relatively poor labour conditions and wage rates of Manitoba, might think it a strange suggestion that unions were too strong in that province. However, many Manitobans, especially but not exclusively small-city

employers, took the view that Manitoba firms required lower wages than others to survive. A union was likely to ignore this necessity, and to interfere also with the individualistic superior-inferior employment relationships which many Manitobans regarded as proper. There was, in addition, the hostility to union pressures generated by poor profit showings in the late 1950's. The campaign for restriction was promoted particularly by Chambers of Commerce, whose strength was mainly in small centres and among small employers. From their viewpoint, also, the Brandon Packers strike illustrated the faults of unions.

There was, however, the problem of pinpointing the faults, drawing them to public attention, and getting remedial measures through the Legislature. The instrument deemed appropriate was a Judicial Inquiry (not an Industrial Enquiry) into the Brandon strike, and pressure was brought on the provincial government to establish one. The relatively new Roblin government was more urban-oriented than its predecessor, had enjoyed the support of a good many wage-earners, and displayed no great enthusiasm to launch the proposed Inquiry. However, the government was heavily dependent on small-town and rural electors - as, with rural over-representation in the Legislature, any government had to be - and it did establish the desired Judicial Inquiry in June, 1960: that is, after the Brandon Packers strike had run four months of its six months course.

The Commissioner chosen was Mr. Justice G. E. Tritschler (then of the Manitoba Court of Appeal), whose conduct of the Inquiry and Report provided an instructive demonstration of the human capacity for interpreting evidence as support for one's previous views. The Commissioner had strong, moralistic, opinions which he expressed freely. He had no

hesitation in criticizing employer behavior which he thought improper, such as the frauds which his Inquiry uncovered and the purported dismissal of all the strikers. On the other hand, it became apparent that the Commissioner held very firmly a number of views which, unless modified in the light of the evidence, would necessarily produce findings unpalatable to organized labour. It appeared that, in his view, a proper industrial relationship was a paternal one in which it would be preferable for employers to be paternal but, whether they were or not, employees should be respectful and appreciative that they had been given jobs. A local union might well perform useful functions. However, the Commissioner was suspicious of national and international unions and their professional representatives, seen as manipulators of local memberships to accomplish their own dubious purposes which did not include the welfare of the local members. This suspicion was strengthened by the Commissioner's acceptance of what he declared to be facts: that Brandon Packers as a small firm in a small city was at a disadvantage compared with Winnipeg firms, that it really could not survive at the wage levels demanded by the union and, therefore, that the union professionals did not care whether the firm survived or not and might prefer that it did not. Suspicion was enhanced by what, from the Commissioner's viewpoint, was completely unjustifiable union violation of contracts and of property and civil rights, such as refusal of union members outside Brandon to handle Brandon Packers' products. Labour's obvious distaste for the Commission was interpreted by the Commissioner as evidence that it had

something to hide and, therefore, as further ground for suspicion.²²

A feature of the hearings was the pressure put on union witnesses to try to make them say something that could be interpreted as support of the Commissioner's suspicions. When no support could be got, the Commissioner was inclined to suspect that it was the evidence that was false rather than his preconceptions. In addition, the Commissioner had little understanding of how human relationships operate within a union and of what traditional union practices are. The net effect was a Report severely critical of the United Packinghouse Workers and dubious about the labour movement in general.

The Report recommended a large number of changes in labour legislation, mostly restrictive of unions. However, some restrictive measures advocated by employer groups were expressly rejected and some recommendations (e.g. an enforcement procedure against violators of the Labour Relations Act) could be regarded as pro-labour. It may be questioned, however, whether the recommendations owed anything to the Brandon episode; they appear rather to represent the Commissioner's opinion of the proper shape of labour legislation as it could have been elicited without an Inquiry. Justification for some of the recommendations was, indeed, sought in the events of the Brandon Packers strike; but the connection was often strained and, in any case, the Commissioner could hardly have been unaware of the risks of basing general laws on one instance of impropriety.

²²Perhaps the most revealing of the statements in the Tritschler Report is the following: "The hostility of professional labour leaders to all organized society outside the labour movement is frightening. They stir up and foster in a completely irresponsible manner class hatreds and a contempt for the law both civil and criminal. A vicious image of governments, the police and the courts as enemies of the worker is created." (p. 61)

Moreover, some of the recommendations did not even purport to have a relationship to the Brandon case.

The legislative record also illustrates how much more labour legislation is affected by preconceived attitudes and political pressures than by impartial attention to facts. Having launched the Tritschler Inquiry, it was difficult for the Manitoba government to abandon it, even though the climate was already changing. Two restrictive measures recommended by the Report were enacted into law in 1962, along with a provision that allowed - but did not require - public prosecution of violations of the Labour Relations Act. Yet it was not long after that the joint "Woods" Committee, dedicated to industrial accommodation, was established, or that the Committee was able to recommend repeal of the government-supervised strike vote, most provocative (and innocuous) of the 1962 amendments. The evidence for and against this provision was not significantly different at the time of repeal than it had been at the time of enactment. What had changed was that profit margins were much more satisfactory, rural influence had somewhat subsided, and the traditional Brandon economy was being shaken by expansion that also shook its old philosophy of industrial relations.

Nationalism versus Localism in Labour Legislation and Labour Markets

Preceding discussions have sought to explore the failure of Canadians in the period 1948-1967 to make more progress towards the systematic industrial relations, including accepted collective bargaining procedures, that would be suited to a sophisticated society operating in an advanced economy. A number of reasons for lag and retrogression have been noticed. Canada's constitutional heritage includes provincial jurisdiction over the greater part of labour legislation, an allocation re-asserted in 1948. Provincialism, and the generally opportunistic and unprogressive character of labour

legislation, have been accentuated by the exaggerated influence of a small-town and rural society oriented to an historic conception of individualistic employment relationships. It is maintained, too, by lack of consciousness - even on the part of governments - of the nature and significance for economic efficiency of a national labour market. Managers of large firms might have been expected to attach greater importance to the national market and to effective and durable industrial relations, and to some extent have done so. Yet corporate labour policies, in contrast to the painstaking planning and expertise devoted to capital equipment and markets, have typically been improvised scrambles for short-term advantage. A hangover of commercial attitudes, especially among stockholders, is partly responsible for this cavalier handling of the labour force. A more basic and general condition of it is expectation - and too frequent realization - of a state of substantial unemployment. If labour is expected to be chronically over-abundant, planning and policy are scarcely necessary.

There is at least one more matter that has had a substantial influence on Canadian attitudes and the performance of the Canadian economy: the emphasis in Canada on local as contrasted with national labour markets. Economic logic contemplates that local markets, while reflecting local peculiarities, will be articulated into a national market in such a way as to effect an overall efficiency in the allocation of labour. In practice, labour markets notoriously are even more imperfect than others. The efficiency attained in the use of labour - impressive in some countries - is rather achieved by the intervention of government, the pressure of national employers striving for the best choice of labour, and the claims of unions to "equal pay for equal work". There are some pressures of this kind in Canada. However, the outstanding feature of Canada in this respect

has been the extreme emphasis on localism - in thought, in law, and in economic practice - to the point that national bargaining, national labour policies by national firms, and government policies to rationalize the labour market on a national basis all have something of the appearance of an alien intrusion. It is a strange situation, and an unhealthy one, for a nation that considers itself modern and sophisticated and aspires to compete with all-comers, including the ones that use their labour resources to the best advantage.

It is the more strange because the country started out on a different road. While the constitution allocated local matters to local control, it reserved national industries such as transportation. These and the federal civil service - essentially, the employments in which a substantial portion of the work force may be required to move about the country - still constitute what there is of a national labour force in a national market. The constitution contemplated that other industries would come under federal jurisdiction as they became national; but most of them, following re-interpretation of the constitution by the Privy Council, have been relegated to provincial jurisdictions. This fact may have played some part in the survival (if not intensification) over the decades of labour market fragmentation. However, the main relationship is probably the other way: because localism is rampant and familiar, provincial jurisdiction over national industries does not strike Canadians as incongruous.

If localism predominates in bargaining, labour conditions and wage levels, may not this be desirable? Is not the low wage level of the unfavored region the classic means to persuade labour to move out of it

and capital to move into it? Within modest limits (modest because only then will the equality of skills assumed in the comparison be preserved) wage differentials probably do have this beneficial effect. However, the variations in local wages and conditions in Canada are far wider than those appropriate to a neo-classical adjustment mechanism; nor, for the most part, do the variations assist or have anything to do with adjustment. What they have become associated with, on the contrary, are hard-core vested interests and cumulative differentials in skills and cultural equipment. They have to do, among other things, with the persistent regional differences in income that denote, not only a social and political problem, but a decidedly inefficient handling of Canada's labour resources. Yet, as long as local bargaining and wage scales predominate, scope for overcoming regional (and intra-regional) differences will be severely limited. Localism is not only the characteristic but the final fortress of the "poverty trap".

The question that may next arise is, how did localism of labour markets become so entrenched in Canada? To some extent, it flows from distance and the peculiarities of genuinely local markets; but Canada has had an integrated economy for a long time, and there is much more than this to account for.

The concentration of many national industries in one province or region seems to have encouraged Canadians to think in local terms. This appears true of manufacturing industries which have been typically concentrated in Ontario. For example, Canada's national automobile industry, whose labour relations are nevertheless regarded by Ontario as its provincial business (while its workers, ignoring a national parity of wages that would

be economically rational, demand an international parity that is not).

Resource industries, when concentrated in few areas, have similar mesmerizing effects. These vested interests exemplify the more general support of a fragmented labour market: there is always someone with a vested interest in it. Perhaps most reluctant to be dislodged is the interest of non-union employers in small centres for whom fragmentation of the labour market is a main defence against pressure for the wages and conditions of larger places. Regionally, employers in the Atlantic provinces - and Manitoba - consider that they have a title to lower wages than the rest of Canada, and tenaciously defend it. British Columbia wage-earners insist with equal tenacity on their right to higher wages than the rest of Canada.²³

A powerful support of localism of the labour market, and of the vested interests in it, is the influence of those numerous national employers who prefer, and may forcefully insist on, localism in their bargaining and wage determination.

It can be argued on behalf of these firms that local bargaining, or at least local wage determination, is the most economical, the least troublesome, or even the fairest way. Except for categories of workers who must be moved freely about the country - and often this applies only to a small group of specialists for whom special provision is made - there is actually less trouble and a greater sense of equity among employees when a firm pays high wages in the high wage centre and low wages in a low wage centre for the same work.

²³ These forces are practically impervious to the adjustment forces envisioned by neo-classical economics, or to differential unemployment and mobility rates. British Columbia's wage superiority survives abundant immigration and substantial unemployment rates. The position of Quebec has improved in spite of high unemployment and indifferent mobility. Manitoba's position has deteriorated in spite of low unemployment and high mobility. The explanation, it may be suggested, is that wage levels are self-justifying: they are arbitrarily determined and, then, employment conditions adjust to them.

On the other hand, it is a self-justifying and self-perpetuating situation: the argument is circular. As long as most firms' policy consists of meeting local rates, their combined action ensures that no change can occur in the structure. One consequence is that well-intentioned measures to reduce regional and local disadvantages will be unlikely to have much effect, since they will be contending with the powerful forces supporting wage differentiation. A more fundamental objection is that the most economic use of Canada's labour resources is obstructed. It is true that in periods of high employment there is a flow of labour out of disadvantaged areas, with some disruptive effects and perhaps even some relative improvement of wages in low wage areas. But high employment rarely lasts long enough to induce a counter-movement of firms into low wage areas (even to the limited extent that wage levels affect industrial location), and there is a strong tendency for firms (and often unions) to perpetuate historical wage positions without much regard for actual supply-demand conditions. Partly this is because a considerable part of the industrial structure may be adjusted to local wage levels: labour may be used intensively, perhaps also carelessly, and low skill standards may have been established which it would take time and effort to improve. Partly it is because the usual assumption in Canada, and the one that is usually valid, is that full employment will rarely exist and will soon be replaced by the "normal" situation of high unemployment. Pervasive unemployment, ensuring a labour surplus in most or all markets, makes labour mobility more or less pointless: hence it inhibits the best allocation as well as the full use of the labour force. It reinforces, also, the localism of labour markets and the hold of their arbitrary but traditional differentiations.

The institutional basis of localism of Canadian labour markets and its relationship to unemployment was illustrated by the governmental wage administration of the Second World War. When wartime activity created the unfamiliar condition of genuinely full employment, the justification for traditional local wage differentials disappeared. From the viewpoint of maximizing output in what had become a truly national economy, all essential users should have been required to pay about the same for specified categories of labour to facilitate the wanted movement or retention of labour and to rationalize production generally. It defied logic, as well as equity, to require workers to stay in or move to employments at much lower wages than they could obviously command elsewhere. Wartime wage administrators, nevertheless, displayed great zeal in preserving historical local wage differentials, even at the cost of great unrest and alarming losses of production. Presumably what they had in mind was to preserve the localism that would be appropriate to the "normal" condition of widespread unemployment that would follow the war, and they considered this objective more important than the momentary maximization of production. Or perhaps the hold of traditional thinking was so strong that they did not even perceive the contradictions of their policies.

For Canada to develop a labour market operated on a national basis and to reduce local variations to reflections of genuine peculiarities, the first requirement would appear to be sustained high employment.²⁴

²⁴There is some evidence that the weaker regions of Canada have had relatively better growth at 6% than at 3% national unemployment. This may merely reflect the fact that our occasional waves of prosperity have their first and largest impact in the regions that are already most prosperous. It would still appear reasonable to expect that sustained high employment would in time produce the greatest changes in areas with the most spare resources.

Measures to improve industrial structure and to train and rationalize the labour force are also helpful, if not essential. Fitting in with these would be a wider acceptance by employers and unions of national bargaining and of a narrowing of wage differentials. Labour legislation should give such encouragement to national bargaining as it can. The extent of provincial jurisdiction is, however, a very real obstacle, and it appears that much national bargaining will have to develop (if at all) in spite of legislation rather than because of it, and that appropriate legislation may more likely appear as a result than a cause of rationalization of the national labour market. If problematic, the goal is nevertheless a worthwhile one. Among other advantages, it would bring Canada much closer to the position in which it could choose to practice the national (centralized) collective bargaining which appears to have conferred marked benefits on Sweden.

Unrest in the 1960's: The Revival of Growth and Industrial Tension

As the 1960's unfolded, the stagnation and unemployment which had characterized the Canadian economy gave way to expansion which gradually approached boom proportions. Improvement rested on the advance of Canada's competitive position made possible by the devaluation of 1962, and on strong market demand from the United States. In turn, domestic consumption and investment exhibited decided strength from about 1964. The momentum was sufficient that it was possible to absorb about 200,000 new entrants per year into the labour force from the bulge of young people born in the 1940's, as well as refugees from the primary industries, while unemployment declined to a rate near 3% in 1966. With more than a million persons added to the labour force in five years, and an industrial structure that became more capable of catering to market demand and providing remunerative

employment, Gross National Product in constant prices was about 35% higher in 1966 than it had been in 1961 (and about 50% higher in 1968). Indicative of the mood of the times, many Canadians in the latter years, when the Consumer Price Index was rising about 4% per year, considered that their national problem was too much rather than too little expansion.

Organized labour, whose numbers had remained stationary at less than one and a half millions from 1956 to 1964, was able under these conditions to add another half million members in the following four years. Another fruit of expansion was readier acceptance of unionism by employers and the general public. It allowed an extension of collective bargaining rights (including usually the right to strike) to government employees, notably those of Quebec and of the federal civil service. Indeed, government employees accounted for a considerable part of the growth of union membership. Labour's enhanced importance found recognition in the introduction of the Canada Pension Plan and the promise of Medicare. New union strength also aided, and was aided by, renewed interest in rationalizing outmoded union structures.

Given a strong expansion, it was hardly surprising that labour should enjoy more attention, or that it should press for - and receive, - larger wage increases as the 1960's advanced. What did take people by surprise - including, probably, union members themselves - was the militancy (or immoderation) of labour's rank-and-file. In retrospect, early signs of a new militancy might be found: for example, in the unauthorized work stoppage of the conservative and tractable railway workers over "run-throughs" in 1964 that led to the Freedman inquiry. Quebec's Quiet Revolution also involved early warning signals of turbulence. Nevertheless,

few were prepared for the size and insistence of 1966 wage demands, for the frequent rejection by union memberships of the "inadequate" settlements negotiated by their leaders, or the violence of labour objection to injunctions and legislative devices (British Columbia) intended to smother their bargaining power. Clearly, Canada's industrial relations had become subject to important forces and attitudes that were new in their intensity and sometimes in their nature.

Explanations of these phenomena have been pursued by others, most extensively by Professors Crispo and Arthurs. The purpose of this discussion is not to duplicate their effort, but to place the new militancy of labour in the long-term context of the changing background of Canada's labour relations. Such a perspective is the more essential if - as the writer considers - the forces that produced the confrontations of the 1960's were predominantly of a long-term "secular" nature. At the same time, however, cyclical forces were involved. In the writer's opinion, a conjunction of cyclical peaks with strong secular pressures produced the tense attitudes of 1966 and 1967.

One cyclical influence was obvious enough: business expansion allowed and invited labour to try to win its "share". Another cycle was less apparent but not less potent: an accumulation of labour frustration built up in the late 1950's and early 1960's at least found scope for expression.

However, the cycle of unsatisfied expectations turned also on a secular phenomenon, the changing nature and level of the expectations. Nor was it change, in itself, that created difficulty, but the widening divergence between employers' and workers' views of what was appropriate. Employers' views appear to have changed surprisingly little in the two

decades before 1966. On the other hand, it is apparent that a substantial proportion of workers were rather deeply affected - or infected - by new influences loose in the world. And, given the power and pervasiveness of these influences, it seemed unlikely that the infection would subside.

At the root of the new temper was a new technology. On one hand, it promoted new structures and relationships of employment. It fostered, at the same time, an urban and expectantly-affluent society. A product of these forces was a different kind of man, more educated, more sophisticated, cool, but coolly prepared for violence. Typically, he was a young man: to a substantial extent, the clashes of the 1960's were between youth and age. However, it would be wrong to attribute them to a passing distortion of the population structure. For they also rested on profound changes in ethical conceptions that appear to have spread, in less or greater degree, through the whole society. Pertinent to employment relationships was a basic change in attitudes to authority, increasingly subject to critical appraisal without benefit of deference merely because it existed and possessed legal sanction. As in previous periods of deep social change, the presumption has spread that law and authority should be adapted to human wants and behavior, rather than the other way round.

Cycles, employer and labour attitudes, and the clash of workers with employers, their own leaders, and the law, are discussed in greater detail below.

Cyclical Factors in Labour Unrest - Labour unrest has often appeared as a simple reflection of the business cycle. Mute during depression, workers have formed unions and become aggressive during the upswing of the business cycle, because full employment gave bargaining power and because sticky wages lagged behind rising prices. A version more appropriate to recent

times could attribute labour restlessness, not to an actual decline in real wages, but to a failure of labour incomes to rise proportionately to others.

Unfortunately, in contrast to the elaborate care with which wage statistics are provided in Canada, data from which meaningful and representative profit figures can be devised are hard to come by, and the evidence concerning interest and rental incomes appears to be even more unreliable. The first of the accompanying tables may, however, at least hint at the fortunes of different income receivers. In assessing its data, it needs to be kept in mind that the labour inputs whose aggregate earnings appear in the first index almost certainly increased substantially more than the inputs of capital whose aggregate returns are shown in the other columns. It is of interest, then, that corporate profits, which had mounted much faster than wages in the boom of 1955-1956, stood up remarkably well during the depressed years at the end of the 1950's: it is difficult to find in the profit record a rationale for the hard line which employers pursued in those years. Still more pertinent to the labour militancy that developed in the 1960's is the record of aggregate profits in that decade. As might be expected in the upswing of a cycle, profits rose considerably faster than wages - up until 1965. Thereafter, wages moved ahead, presumably in part as a consequence of labour aggressiveness. Meanwhile aggregate rent and interest, as reported by the national accounts, fared better than either wages or profits in the 1950's and held their advantage in the 1960's. Finally outrun by wage gains after 1965, rentiers and landlords may have recouped in 1968. Another dimension of the "income shares" question has been noted by Harry Waisglass: that the inferiority of Canadian

CANADA: INCOME COMPONENTS OF GROSS NATIONAL PRODUCT

INDEXES, 1961 = 100

	Wages and Supplementary Labour Income	Corporate Profits Before Taxes	Rent, Interest, and Miscellaneous Investment Income
1954	65.4	66.8	56.6
55	69.5	86.6	62.9
56	78.4	97.7	66.3
57	84.3	89.2	74.2
58	87.0	89.8	78.7
59	91.9	102.0	86.9
1960	96.0	97.4	92.5
61	100.0	100.0	100.0
62	106.5	111.3	106.0
63	113.4	122.2	115.4
64	123.3	140.5	122.1
65	137.8	151.6	132.6
66	156.1	150.0	143.8
67	170.0	146.4	162.5

Calculated from the National Accounts.

to American incomes is primarily an inferiority of labour incomes, applies less to profits, and does not apply at all to returns of rents and interest which are higher in Canada.²⁵ So far as there is awareness of this difference - and there is certainly some - another basis for discontent exists.

The second table, though not all one might wish either, may provide another guide to the cyclical source of labour militancy. In comparing "Personal Income per person employed" in Canada (the first column) with labour income (the second and third columns) it should be borne in mind that wage and salary earners are a very large proportion of all income receivers. Hence, when the first column which includes non-labour incomes diverges from the other columns that exclude them, the divergence reflects substantial shifts in the non-labour incomes. Because of the weighting, a variation of 3% in the first index may signal a 10%, perhaps a 15%, variation in non-labour incomes.

Taking this into account, it appears that (aggregate) non-labour incomes diverged little from labour incomes in the 1950's. If workers then felt impoverished, they could at least feel that they were maintaining their relative income position. However, things were different after 1961. Starting with a jump in 1962, general personal incomes regularly outran labour incomes: that is, considerably more of the benefits of the boom went to non-labour income receivers. This advantage persisted through 1967, notwithstanding some pause in the advance of corporate profits in the mid-

²⁵ Harry J. Waisglass, "Towards Equitable Income Distribution", (United Steelworkers of America, 1966) p. 38. This pamphlet was also concerned to show that profits had fared much better than wages between 1957 and 1964, that productivity had risen about as much as wages in manufacturing and much more in mining, and that labour costs per unit of output in manufacturing had moved very sharply in favor of Canadian employers in comparison to those in other countries.

CANADA: INDEXES OF GENERAL AND LABOUR INCOME

1961 = 100

	Personal Income per person Employed	Weekly Wages & Salaries, Industrial Composite	Average Weekly Wages of Hourly- Rated Workers in Manufacturing	Average Weekly Wages in Manufacturing in Constant (1961) dollars
1954	74.6	75.3	77.7	86.0
55	78.1	77.8	80.0	88.9
56	83.2	82.0	84.0	91.7
57	85.9	86.5	87.5	92.5
58	91.8	90.0	89.9	92.7
59	94.2	93.9	94.5	96.4
1960	97.6	96.9	96.9	97.7
61	100.0	100.0	100.0	100.0
62	105.6	102.9	103.1	101.9
63	109.7	106.4	106.8	103.7
64	112.9	110.6	111.4	106.3
65	120.8	116.3	116.7	108.0
66	127.8	123.1	123.1	110.2
67	135.8	131.4	130.1	112.4

Sources: Canadian Statistical Review,
Labour Gazette

1950's, presumably because other non-labour incomes caught up this "slack". Here is another cyclical basis of labour unrest.

The index of real wages (in manufacturing, fourth column) also deserves attention. It indicates that real wages rose about 3% per year in 1955 and 1956 - the amount commonly recommended as justified by productivity gains. After that, however, labour had little to be pleased about. There was a little jump of real wages during the 1959 boomlet, but in other years of the late 1950's average increases were barely above 1% per year. In view of the expectations cultivated in Canadian society, it would be surprising if workers did not feel frustration, and hope to do much better in prosperous times. In fact, however, while the decided expansion of the Canadian economy after 1961 brought a new scale of affluence to some, the increase of real wages in manufacturing was not much greater than in the 1950's - 2% per year.

Money wages rose considerably faster - about 5% per year on average - but this was probably more cause for dissatisfaction than the reverse. For workers resented at least as much as others that their gains in money income were eaten away by price increases. From the workers' viewpoint the inflation that sapped real income was due, not to any "wage-push", but to the greed of employers and, still more, of rentiers and landlords. Certainly the average worker, no more than other citizens, had much idea what to do about it. Like the population of the 1930's which accepted that depressions flowed from immutable economic laws, and allowed itself to be crucified on the cross of balanced budgets, the population of the 1960's quailed in awe before the mystery of international finance and supposed its laws, too, to be

unchangeable. Yet the people of the 1960's, like those of the 1930's, had a sullen suspicion that they were being victimized and made fools of, and were at the least troubled by the inequity that confronted them. Periodic talk of "Incomes Policy", aimed at further confining wages, offered additional provocation. These various fruits of the business cycle offered, in fact, a rich soil for labour militancy to grow in.

The Grievance Cycle - The relationship of union militancy to the prosperity phase of the business cycle (and of placid and weak unionism to depression) has been far from exact. In an attempt to find a closer explanation of union militancy (especially of the 1930's), a "grievance" cycle theory has been developed.²⁷ In this version, the cycle turns on the workers' sense of grievance, checked by their sense of caution. In both of these the phases of the business cycle may play an important part. Employers, when widespread unemployment presents the opportunity and falling profits exert their pressure, will worsen the conditions of employment and ignore grievances. Unions are weak and workers, in fear of dismissal, endure injustice silently. But they build up a reservoir of hostility that only waits for a favorable opportunity to be expressed. A revival of prosperity provides obvious opportunity but - if feeling is high enough - even a small affront may set off the explosion. Fiercely militant unionism then emerges. If it survives and wins substantial concessions, the work environment becomes more civilized. The style of aggressive unionism will persist awhile; but, as grievance fades, union members become apathetic and leaders placid. The tamed union is a

²⁷Horace B. Davis, "The Theory of Union Growth", Quarterly Journal of Economics, Aug. 1941, pp. 611-637.

facade hiding weakness, which the employer could ignore if he wished. He may eventually attack the union, worsen working conditions, and start the cycle all over again.

How far does this prescription apply to the events of the 1960's? Clearly, the application is qualified: the recession of 1957-63 was not a "Great Depression", unions were not wholly powerless, workers were not altogether afraid to advance grievances and employers - with occasional exceptions - did not try to destroy unions. Indeed many employers, if we go by what they said, felt that unions continued to be unreasonably strong: and for this reason, if no other, employers may have intended to act moderately.

It seems clear, however, that employers were not sufficiently reasonable from a labour point of view. Employers thought it reasonable that wage advances should be small in recession years. Workers, after having their wages frozen by contract when others were enjoying the boom, resented that they should be expected to forego their "share" also in the recession. If harsher competition justified employers in tightening up working conditions, workers nevertheless disliked being treated as cost items more than as people. If the introduction of technological change has always been a prerogative of management, this did not still the alarms of workers fed on predictions that most of them would soon be eliminated by automation. It added insult to injury that employers were also engaged in a campaign to change the rules of industrial relations in their own favor, especially as workers considered the rules to be heavily loaded on that side already. If labour resentments were less intense than in the 1930's, there was still a substantial backlog of

grievance to fire labour militancy when the opportunity came. It came, particularly, in 1966.

The grievance cycle, then, supplies part of the explanation for the events of the mid-1960's. But this is so, in considerable degree, only because of secular changes in the Canadian outlook on industrial relations. More particularly, it is because these changes affected employers less than labour or, probably, the general urban public.

The hard employer reaction of the late-1950's appears to have been more a return to what employers thought of as normalcy than a conscious program of taking advantage of labour. Dragged out negotiations, niggling concessions, refusals to negotiate the pension plan or technological displacements, unheralded and unexplained layoffs, neglected grievances: these seem often to have been regarded as normal tactics as far as labour weakness allowed them to succeed. A generation earlier, many workers would have accepted them as the usual if unpleasant facts of life. In the meantime, however, the expectations of a great many workers had changed. These devices were no longer thought of as parts of the game, but as cynical provocations. This secular change in attitudes provides an essential explanation of the labour militancy of the 1960's, and a guarantee of its significance. After noting the foil on which these changes were reflected - employer behavior - the nature of these secular changes is discussed.

The Attitudes of Employers, 1948-1967²⁸

The prime fact about employer attitudes in this period, though certainly with individual exceptions, is that they exhibit much the same

²⁸ The factual description of predominant employer attitudes is based on what employers did and on what they said in statements of prominent employers and managers and of employer organizations, particularly the Canadian Manufacturers' Association. It rests specifically on a study

character at the end of the period as in 1945: hard-line, conservative, authoritarian, and suspicious of unions. There was, to be sure, some fluctuation: after following a "hold the line" policy up to 1950 and agitating for legal restrictions on unions, employers appeared mild and accommodative for a few years in the early 1950's. However about 1956, and more emphatically in the following years, there was a reversion to hard and restrictionist attitudes, frequently justified by the assertion that unions exercised "monopolistic power". Only in the mid-1960's was there a change, and it was rather a recognition that hard-line policies were not working out very satisfactorily than a conversion to a different approach. Notwithstanding a warning that it was their own failure that was leading to increased government intervention in labour relations,²⁹ employers opposed the intervention while calling again for legislation to restrain unions and making vigorous use of injunctions.

It was not that the typical employer of this period refused to accept unions but rather that his acceptance was a legalistic one: he accepted unions exactly as far as (and no farther than) the law required. Except for a minority, employers avoided a policy of positive accommodation and co-operation with unions, and appeared to reject or be unaware of the possibility of strengthening their enterprises by enlisting labour's help and support.

prepared for the author by a man who spent almost the whole of this period in the ranks of Canadian management. Attempts to explain the attitudes, on the other hand, are necessarily tentative and dependent on inference.

²⁹C. B. Williams, Canadian Personnel and Industrial Relations Journal, May, 1966.

There seems little reason to doubt that management became more sophisticated in this period, and especially so in the area of industrial relations management. Why, then, did employer attitudes show so little modification? Several (overlapping) factors suggest themselves.

Most obvious was the incidence - and expectation - of extensive unemployment: only with high employment did employers modify their attitudes and they tended to re-assume a hard line as soon as unemployment permitted it. But why was such an attitude preferred? A general reason may be that it is easy: the high-handed and inconsiderate labour management that extensive unemployment permits requires a minimum of imagination and intelligence and energy and yet - while unemployment lasts - imposes little penalty for bad management on the firm. Some other reasons are listed below.

One is that employers tended to be haunted throughout the period by the possibility of imposing legal restraints on unions on the model of the Taft-Hartley Act. These would afford a secondary defence of arbitrary manpower management and retain effectiveness even in periods of high employment.

It is also the fact that a policy of co-operativeness with labour, though it may pay well in the end, requires a substantial and long-term investment. For workers and unions may take a considerable time, dependent on the depth of suspicion inculcated in them by past practices, before responding constructively to a friendly initiative. Indeed, workers can be exasperatingly illogical and unimaginative, as reluctant as any employer to give more in order to get more, and civilizing them

can be a slow and uncertain process. So far as employers recognized and perhaps exaggerated this hazard, they may have hesitated even to try a new style.

Caution may be the more explicable if, as has been asserted, Canadian employers have generally had a defensive outlook, emanating from a belief that they are not competitive and survive only by the aid of protection. At first sight, defensiveness might seem favorable to accommodation in industrial relations: it has been precisely firms in an exposed position that have been most willing to try to improve their positions by a bold co-operativeness with their employees (and have often realized success). But Canadian firms, though defensive, have not usually been exposed: they have operated within their protected positions and have been slow to venture beyond them. So far as they have seen themselves in possession of small scope for manoeuvre, they may have been the more reluctant to attempt initiatives in labour relations or otherwise: the combination of potential vulnerability with complacent security may have produced the worst of all possible mixes.

The point relates to another, that, if many imaginative young men have entered the ranks of management, it is still true that employers are typically very old men (so are union leaders) and industrial policy has usually been dominated by a truly "old" guard. Age may confer wisdom, as the aged believe, but it is also notoriously unreceptive towards fundamental shifts in ethical concepts and styles of life.

This leads to a final, and basic, factor in the permanence of employer attitudes in Canada: the apparent fear that accommodative labour

relations would subvert "management prerogatives", i.e. the authority system of employments. Unrestricted managerial rights have been defended on the ground that restrictions would hamper management's capacity to operate efficiently, but it is difficult to take this rationalization seriously, since accommodative systems have usually been the most efficient of all systems. What is really at issue is reluctance to accept qualification of the traditional authority of the master in a master-and-servant relationship. It is this, at bottom, which has imposed so remarkably unadaptable a character on employer attitudes. Since the role and justification of authority is also the focus of labour - and other - protest, and the concept thrown into most question by contemporary changes, it is bound to play a key role in the clashes and adaptations of recent and future times.

It is implied in this discussion that employer behavior may be changed by direction of the law, by sustained full employment, perhaps by lowering protection, the accession of younger men to the top, or even by recognition that the world is changing. The fact is, however, that employer attitudes changed little up to the mid-1960's, and that is one side of the incongruity that appeared. The other side is that a significant portion of labour - and perhaps of Canadian society in general - did change. This secular change is the topic of the next section.

Labour Attitudes and the Secular Basis of Labour Militancy

Up to the 1960's, the slowness of change in labour legislation, employer behavior, and union behavior as well, might have led to the conclusion that Canadians were immune to new forces, or somehow already

adjusted to them. The labour unrest and aggressiveness of the mid-1960's, along with Quebec's "Revolution", student protest, and other phenomena, showed that this appearance of tranquility had been deceptive. It is less easy to demonstrate how far the labour militancy of the period rested on secular forces as against cyclical and coincidental ones: indeed, proof on this point is impossible. What is obvious is that powerful secular forces for change have been at work and that they must affect employment relationships substantially. A review of these influences is the best support that can be offered for the author's opinion that the labour unrest of the 1960's was predominantly a delayed response to forces that have been building up for two decades.

The basis of these forces is technological revolution, and one profound consequence has been the rapid concentration of the Canadian population in increasingly-dominant cities. Other concomitants, rooted in the technology and the cities, has been a new sense and expectation of affluence, a new urban-type sophistication, and an emphasis on professional and technical expertise and the education that supports it. More fortuitous, but important, has been a rising weight of young persons in society and the labour force. These have exhibited with particular clarity the capacities, the expectations, and the ethics of a new age.

The impact of these new conditions on employment relationships has appeared most clearly where extensive use is made of professional and technical workers - direct products and custodians of new techniques and market demands and the most rapidly-multiplying category of workers. So far, these workers have usually belonged to associations rather than

unions; but they threaten traditional employment relationships nevertheless. Before their coming, the employer/manager might be more or, regrettably, less qualified to direct the work of others, but the principle of direction and hierarchical relationship was not itself in doubt. Somebody, if not father, knew best.

Among a work-force of professional and technical workers, however, scope for direction and hierarchy is severely limited, for only the workers themselves - and frequently on an individual basis - can judge very accurately what they can do and what they should be doing. The "director" of such a group has the important functions of co-ordination and encouragement but, substantively, he has no particular qualification to make decisions. Such a work force, indeed, can only operate effectively in an atmosphere of what might be called democratic interaction. It is this fact rather than size and complexity that underwrites a new stress on decentralized decision-making and "participative" management. Similarly, the motivation of dispersed responsibility, and the converse need of strongly-motivated workers for independence which are involved in this different authority structure, have to do particularly with professional and technical workers. The new structure has special relevance to what may become the typical skilled labour force: the consulting team that perambulates from firm to firm. But even among relatively permanent groups of professional and technical workers there is little place for old-style authority, or old-style "loyalty" to the firm. The position of the new army of skilled professionals is not unlike that of the skilled craftsmen in another age who were also the indispensable experts, moved from job to job, and bestowed their loyalty on a craft and union

rather than an employer. Perhaps an even better analogy is to the healthy university in which only the brotherhood of scholars - in a dispersed way - are qualified to make the substantive decisions, the wise administrator merely co-ordinates and executes, yet the scholars owe their loyalty to a world of scholarship rather than a particular institution. In short, the conditions of production increasingly require a permissive, albeit solicitious, environment of work, and a kind of workers who could not operate in any other. Conversely, the line-style authority of legal right and the regimentation of precise and detailed direction are outmoded in this situation, notwithstanding their hallowed ancestry and the fact that misguided men make shambles of some workplaces by still trying to apply them.

It does not follow from these considerations that the whole world of work will soon be permissive and democratic. Employers have always provided considerably different conditions for their highly-skilled than their lowly-skilled workers, and the latter, more regimented, group will continue for the foreseeable future to be a majority. But what does seem apparent, and part of the explanation of labour militancy, is that an increasing proportion of the indefinitely-skilled members of the labour force are restive under traditional arbitrary authority. Nor is this accidental: the new kind of man being created, not only by professional and technical schools, appears steadily less-suited to a military style of direction as well as less-disposed to accept it.

There are a number of inter-related reasons for saying so. Different ages have their distinctive styles; and though skilled experts

may never be the majority of workers, their style trickles down. It was so with the craftsmen, who were copied by other workers in many ways. In a modern workplace with many professionals, rather than making abrupt and somewhat foreign changes in the scale of reference, it seems increasingly customary to treat indefinitely-skilled workers as junior technicians. These, in turn, absorb the style, and sense that an appropriate initiative on their part may produce approval rather than extermination. Then, as the cult of education takes hold, the indefinitely-skilled are becoming a sort of junior professional in fact. There remain, to be sure, great numbers of regimented establishments, and of older workers inured to the system and taught by self-consciously inadequate supervisors that initiative does not pay. On the other hand, the Canadian labour force has been changing over from age to youth faster than any other and youth, as is often pointed out, is unconscious of the inhibitions branded into an older generation by the 1930's.³⁰

³⁰ Calculations and projections of the labour force do not show much change in the proportion of workers under 35 years of age between 1960 and 1970 (about 45% in both cases), partly because they take account of a drop in the participation rate among young persons below and to a less extent above age 20. Even so, the group aged 20-24 years appears as the one growing most rapidly, and much more rapidly than the 25-44 year group. It is also significant that in 1970 nearly half of all workers will have been born since 1935 and will have little recollection of either the Great Depression or World War II. The weight of this youth contingent in society is increased by about 2 million young people of working age not in the labour force, and mostly at school, and perhaps something should also be added in consideration of the superior education of the young population. See F. T. Denton, Y. Kasahara and S. Ostry, "Population and Labour Force Projections to 1970", Staff Study No. 1, Economic Council of Canada, 1964, especially pp. 38 ff.

The point may be approached another way. It was once fashionable, and in keeping with the quality of much of the labour force, to beat workers, to subject them to arbitrary fines or, in the case of the more civilized Robert Owen, to motivate them by putting up colored blocks to advertise the current quality of their performance. It is entirely probable that many workers would still benefit from this heroic treatment. Nevertheless, it is decidedly out of style. So are truck pay, the use of whisky as a prime motivator, and the Neanderthal foreman who could trim anybody in the gang. In the same way, other traditional practices of employers may be on the point of going out of style. A likely candidate is the unilateral introduction of sweeping technological changes without consulting or even informing employees and without regard to their interests. Another is the arbitrary and unexplained layoff without notice. In a similar category is each reminder to the worker that, as far as the firm is concerned, he is an insignificant cipher, of which the most obvious symbol is the time clock. More generally, style seems to be moving against devices that deny the importance of workers as persons and members of the work-team, including petty deceits, suppressions of information, and assignments of duties and penalties for no apparent reason.

If these changes occur, it will not be on any mechanical basis - even if some laws are changed - but because the changing nature of work and workers makes them increasingly expedient. On one hand, more jobs require initiative and a degree of expertness. On the other, justifiably or not, expectations become more elaborate. As a consumer, the worker is invited to expect more by the marketing system, the style of urban life, and assurances of affluence; in turn, high income fosters new wants rather than satiety.

As a producer he expects, not just a job and an income, but satisfaction and recognition in his work, not least in accordance with his increasing investment in education and training. Expectations can, of course, be disappointed; but there is a certain peril in mass disappointment and a certain social inertia poised against it. What is expected has something to do with rights as a citizen, even though the connection is rarely spelled out.

Beneath these phenomena and supporting them, there seems to be developing a new system of ethics. On one side, it is an impersonal system marked by the detached but not unconcerned professional impersonality suited to a sophisticated urban society. As such it is unsympathetic to patronal and dependent relationships and to the exercise of authority without the justification of capacity. If this intolerance of the traditional foundations of status is hard for traditionalists to bear, another permissive side is still more so. It involves a Nietzschean assumption of the entitlement of the individual to go his own way and maximize his own satisfactions beyond limits accepted previously. Such a code may prove appropriate if work increasingly consists of highly-autonomous activities of individuals and teams of experts. Obviously, however, it fits badly with the assumptions and practices of the traditional hierarchical structure of employment.

These observations apply primarily to youth, or a consciously-emancipated part of it. But the clashes of the 1960's do appear to have been; to an important extent, clashes of youth with age. The tone of labour discontent appears often to have been set by young workers, free of some fears and inhibitions that affect older ones, and impatient of slow progress, uncommunicative and arbitrary authority, as well as fatuous

pronouncements such as those recommending voluntary wage restraint. They had, in addition, an interest in wage benefits in contrast to the securities which unions have been wont to stress on behalf of their middle-aged members. Employers and managers, on the other hand, are old: the senior ones are by far the oldest distinguishable occupational group in the country. Union leaders of the 1960's also consisted to a striking degree of old men, largely recruited in the union expansions of the 1930's and early 1940's. There was, then, abundant room for a generational clash both of interest and of outlook.

Another facet, overlapping the generational cleavage but with its own substantial importance, was tension between French workers and English employers - mostly evident, of course, in Quebec. Due, apparently, to an excess of tact, this aspect has been little mentioned. Yet the fact is that many of the fiercest industrial confrontations, and the "Pearson formula" settlements of 1966 that were spectacular if not excessive, turned on a French-English fulcrum. On the one hand French-Canadian workers, fed on a traditional sense of grievance and the special excitements of the Quiet Revolution, were in this period more militant and demanding than any others. On the other hand, not only the federal government but a good many private employers operated on the theory that French-Canadians - at least in Quebec - could not be denied anything they asked, no matter how outrageous. In consequence a new pattern of awards developed that, though rarely matched elsewhere, had unsettling effects elsewhere. A further complication was a difference in temperament: whereas the English-Canadian tradition is to be mollified by a big gain, and perhaps even a little sorry for the opponent, to the logical French mind a big victory signalled that

the opposition was on the run and should be besieged for still larger benefits. Nor was the analysis far astray: the demands of French-Canadian labour were, in fact, only checked when equally French-Canadian employers were encountered, such as the Quebec government and the officers of Montreal's Metro in 1967.

Members vs. Leaders - The most novel and revealing feature of the labour militancy of the 1960's was the frequent revolt of union memberships against their leaders. Traditional authority no longer ensured acquiescence in the union either, notwithstanding its establishment by more or less democratic means. At obvious cost to their prestige, leaders were sent back to get more than the awards which they had provisionally accepted and implicitly certified as adequate. And more was usually got. The additional concessions obtained appear to have reflected a short-term concern with maintaining uninterrupted production, and may have been dubious from a long-term viewpoint of the employer, but they did demonstrate the correctness of the membership belief that more was available. In this sense, union leaders were sold out by management.

Union leaders are realists and they soon learned to avoid repudiation, when necessary by insisting on demands so substantial that their most militant members were satisfied. But this tactic covered over more than it eliminated the gulf between leaders and members: indeed, it was precisely the least secure leaders who had to make the most extravagant demands. The roots of division still exist and, if some may be resolved by new leaders and new policies, others are fostered and maintained by the law.

It is arguable that one ingredient of division was an unreasonable level of expectations on the part of union members; but only at risk of

quarreling with the kind of Canadian society that has been developing. Another factor was a failure of leaders to keep in touch with their memberships, especially the younger part. They seem clearly to have underestimated the aggressiveness of their members, perhaps because they failed to appreciate how far the views of older and more cautious workers to whom they were oriented had ceased to be representative. Then, at least from a short-run viewpoint, leaders paid too much attention to what employers and governments, rather than members, thought to be suitable settlements. Logic may have been on the side of the leaders, but the situation involved emotions of accumulated grievances. Among other grievances were legal restrictions by which legislatures and courts sought to confine union action and union leaders. The leaders, who have usually sought to avoid collision with the law and are personally under obligation to treat it more circumspectly than members, were again at risk of being out of step with their members.

Militant Workers versus Legal Restraints - The propensity of workers to defy legal restrictions which they considered to be unjust was another striking aspect of militancy in the 1960's. Very prominent was objection in principle and in application to the use - apparently widespread - of labour injunctions which typically restricted picketing but might further confine the union in its right to approach potential strikebreakers or customers of the firm. There was a similarly strong tendency to defy restrictive statutes, often retroactive, which had the comparable purpose of reducing or removing union bargaining power. Resistance of this sort followed abolition of the collective bargaining rights of ferry workers in British Columbia and the suspension of such (recently-granted) rights in

respect to public employees in Quebec. A certain additional discrimination emanated from such measures in that some unions were strong or determined enough to defy them successfully, while others were subdued.

The overall provocation of such laws and of injunctions consists in their partiality, at least from a labour viewpoint. Their spirit is that of the common law, that an employer must not be hindered from full use of his property and operation of his business. A right of unions to informative picketing has, indeed, been long accepted - though there has been a disposition of provincial legislation as well as injunctions to make this right a very narrow one. Collective bargaining with unions has also enjoyed a long acceptance if an employer accepted it voluntarily or under pressure of individual refusals of employment. But the spirit of court and some legislative restrictions is that labour bargains must remain individual except by consent, and that the only allowable coercion on an employer should be a market rather than an institutional pressure - inability to hire suitable workers individually in the market. Some laws and injunctions, indeed, have gone beyond this to be barely distinguishable from a conscription of involuntary labour. In sum, labour rights have been restricted as required to keep employer rights paramount and unrestricted, subject only to the legitimate pressure of the market which unions may indirectly affect.

This type of legal restriction can be viewed as anachronistic, therefore, not just in the 1960's but since the rise of industrial society. And, indeed, the labour injunction has been condemned by unionists since it came into use nearly a century ago. Variation has consisted, not in the objection, but in the vigor with which it has been pressed. The mood

of the mid-1960's was such that objection was widespread, ardent, and sometimes violent. In other years it may be less so. And opposition may be over-ridden - even if very strong - by the power of the state. The question remains whether the 1960's have not demonstrated an extreme urgency of overcoming a cultural lag of such magnitude, and the need for an alternative approach that, while taking account of the need to maintain economic activity most of the time, is more consonant with current social relationships and ethics.

There are newer legal restraints which, while they accept the existence of unions and collective bargaining, may also have played a part - though certainly a less clear one - in the clashes of the 1960's. Most important are those based on the supposition that a union is (or should be made into) a type of business corporation selling labour, that union officers correspond to (or should be made to correspond to) officers of a business corporation, and should exercise the same authority over members as corporations do over employees: all this so that union corporations will observe the same rules about contracts that business corporations have found suitable for themselves. Then the employer can be sure that the union will fulfill its contract - for instance, by seeing that its members cross picket lines when required in the course of their employment and by suppressing unrest occasioned by large displacements of the labour force. Making the union suable as an entity for violation of contract has been a means of forcing employer ethics on unions, and a fairly effective one. Another sanction was demonstrated when a British Columbia court ordered a union's officers to order the members back to work, took violent exception as a contempt of court that the leaders should

refer the matter to their members, and sentenced the officers to jail for failing to carry out the court's order (a fine was also levied against the union), all apparently on an assumption that the union officers were corporate masters rather than union servants. The more usual outcome is that union leaders, aware that they are regarded by courts as the policy-makers of the union business corporation, fall over themselves trying not to expose the union to successful suit by any action of theirs. This was, of course, the original purpose, accomplished at the price of forcing the union to be something other than an agency to serve and protect its members. The risk involved, opposite to the one taken by the United Fishermen's Union, is that the leaders will be pushed into opposition to their members, especially militant ones.³¹

It is a more complicated question than that posed by injunctions to say how the restraints of forcing union contracts into a corporate mold can be harmonized with social needs and current ethics. It is at least questionable whether there is any way to reverse the process by which the business corporation is re-fashioning the whole world into its own image.

³¹Curiously enough, while the purpose of some legislation has been to force union leaders to act as if they had dictatorial powers over their members, and it has been seriously proposed that contracts should be made by union officers without reference to their memberships, there has been simultaneous legislation that supposes union members to have different objectives to those of their leaders, and that invites members to repudiate the leaders. Government supervision of internal union affairs carries this overtone, but the clear case is provided by the government-supervised strike vote. It rests on a belief that the satisfied workers would not strike unless misled by their unscrupulous leaders, a belief that survives in cheerful inconsistency with the one underlying treatment of unions as corporations - that sober leaders can and should forbid the aggressiveness of their dissatisfied members. The most obvious effect in both cases is to foster division between leaders and members.

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The people of the new age and new ethics seem likely to be coldly irreverent and detached, capable of defying unacceptable laws with a deliberateness and calculation not known in the past, but not much affected by formal minutiae like the crossing of picketlines. And there is a good deal to be said for enforcement of contracts, provided that the contracts have been equitable in the first place. It seems to be in respect to "equitable in the first place" that the most likely and most urgent changes are due. New social relationships and ethical ideas, whatever their other defects, have displayed a sensitive hostility to undue advantage. Law and practice, on the other hand, have been concerned with sanctification of that very thing. The law, ever conscious of the rights of real property, has ignored the worker's property in his job. It has required him to stand idle and mute and without compensation while his job is destroyed. Theoretically, unions ought to protect their members with appropriate contract clauses; but, until unions somehow acquire far greater bargaining advantage than they have had, this is impractical advice. This difficulty has led to proposals that, regardless of contract provisions, employers should be required by law to negotiate substantial technological changes. A more general principle, to which seniority systems have long pointed, would acknowledge the worker's job as a property not to be taken without due process and compensation.

Conclusion - The labour militancy of the 1960's involved a clash of interest between employers and workers, exacerbated by the fact that a third party, the rentier, had been allowed to snatch a disproportionate share of the gains from growth. The sum of this exploration, nevertheless, is that the tensions of the 1960's turned on a clash of concepts rather

than interests. On one side were ranged traditional concepts of authority and hierarchy, entrenched in law and in industrial relations practices, and guarded especially by the old. On the other hand were unsettling forces and new behavior patterns, intensified by long suppression, that flowed out of a new environment of work and social life. It was an environment molded by mechanization, cities, education, and by a rising new system of ethics at once more permissive and more intolerant. These novelties affected particularly the young, who happened to be unusually numerous.

It does not follow, nor would it be in keeping with past experience in Canada, that youth and the new will promptly triumph over age and the old. Militants typically underestimate both the virtues and the stamina of the old order, just as conservatives may overestimate them. But what seems possible, and necessary if conflict is to be kept in hand, is a significant modification of the traditional industrial relations system. What appears particularly demanded is movement away from the rather contemptuous subordination of workers characteristic of the traditional system - and, paradoxically, away from its occasional nepotic paternalism. There was never much to be said for either, and they are increasingly foreign to the professional-style relationships between people that have been developing: clinical, but implying equality of right to consideration. Authority by legal title, as contrasted with professional competence, also seems to need soft-pedalling. These are matters to be dealt with primarily by employers and unions, but the law can encourage and in some cases (e.g. technological change) require employers to treat workers more considerately and impartially, and forbid them to hide arbitrariness and arrogance behind

a legal authority. If such changes were made, it would seem appropriate and in keeping with recent trends, that workers also be required to contribute effort and willingness to adapt in the development of new techniques and relationships. Modification of past attitudes is the more essential in that a complex urban society is a brittle structure, more vulnerable than the past society to extensive disorder while, on the other hand, militants have been adept at devising sophisticated techniques of disciplined defiance and disruption.

The fact is that it has been within a syndrome of old ideas of authoritarian firms and a laissez-faire economy, so far, that employers and workers have pursued their interests, and the state has made its ineffectual efforts to maintain stability of industrial relations and the economy. There is an alternative structure of ideas and practices that would demand more of all, but give more to all: one of the accommodative industrial relations, sustained high employment, unhindered technological improvement, and vigorous rationalization of the use of both labour and capital. This alternative has had the attraction that it pays better. It seems now to have the additional merit that it is increasingly in harmony - and the old order increasingly out of harmony with the attitudes and relationships that have been developing in Canada

CHAPTER VI

THE FUTURE OF CANADIAN INDUSTRIAL RELATIONS

The past is past; but it has left an elaborate legacy of conditions and practices that will necessarily affect the nature and course of Canada's industrial relations in the future. No less important, however, have been powerful new forces and rapidly changing attitudes, especially evident in the 1960's, which have strained tradition and promise in some respects to shatter it. Any estimate of the near future (as far ahead as this discussion proposes to look) must take account of both traditional and recent influences. The purpose of this chapter is to review in brief, summary, form the more prominent of these past and present forces and to suggest how Canada's industrial relations may in the near future be accommodated to them.

The Past

1. Canada has been a very conservative country in its attitudes to industrial relations. Conservatism has been maintained by the large proportion of the population that remained rural until recently and the exaggerated influence of this population in legislatures, by the protected position and defensive yet complacent outlook of industrial employers, by division of the labour jurisdiction among many governments and, probably, on balance, by the influence of foreign ownership. Remarkably preserved has been an ideal of an individual employment relationship between master and men in which the man is consciously dependent and willingly subordinate to the profitability of the enterprise and to authority derived from its ownership.

2. On the other hand, industrialization has long fostered a different employment relationship and ideal in which the workers' welfare is as entitled to attention as the employers', and employment conditions should be determined on a joint, more or less equal, and therefore collective, basis. Workers and unions have necessarily pressed for such a relationship, notwithstanding that they, themselves, have been conservative in many ways. Others in society, including some employers, have also favored collective bargaining and accommodative rather than authoritarian relationships in the interests of greater social, institutional, and industrial efficiency.

3. The gap or differential cultural lag resulting from this difference in approach has produced recurrent strain which has occasionally been very acute. The tension then, and only then, has led to a periodic up-dating of laws and practices.

4. A jerky pattern of change has been promoted by a Canadian style of letting problems drift to the edge of disaster before agreeing to do anything significant about them. A more favorable aspect of this behavior is a remarkable resiliency: once Canadians have decided that action is called for, they have often shown a striking energy, unity, and success in adaptation.

5. In the specific field of industrial relations, legislation, conservatism and inertia have prevented any substantial advance from ever being made except in the face of massive labour unrest. Such unrest however (except in 1919) eventually produced significant change. The unrest of the mid-1960's may have been sufficient to underwrite such a catching-up.

6. Employers generally in Canada have never accepted collective bargaining except as required by union pressure or law, and then only as far as the pressure or the letter of the law insisted.

7. However, it has been characteristic that employers, especially large ones, have accepted collective bargaining and other limitations of their practices fairly philosophically when these were forced on them, and have usually been prepared to concede before long that the changes were inevitable and in some respects advantageous.

8. Accommodation in industrial relations beyond the letter of the law has enjoyed a tentative development whenever high employment has prevailed for any length of time. However, it has never achieved self-sustained growth, but has always been torpedoed by the re-appearance of extensive unemployment and the expectation of employers that widespread unemployment would be the usual state of affairs. It would require several years of continuous high employment to remove this expectation, but the eventual outcome could be a more sophisticated and adaptable industrial relations than any amount of legislation will be able to achieve by itself. Past experience suggests that it is not only narrow and inflexible attitudes of employers, but still more those of workers and unions, that are most effectively dissolved by high employment.

9. In respect to the problems of maintaining high employment, Canadian labour has generally been favorable to structural improvement of the economy (in a high employment context), critical of rising consumer prices, and more willing than employers to accept general price and wage controls. There is little to suggest, on the other hand, that labour would be prepared to accept any Incomes Policy restricting wage changes that is less concerned with restricting profits, rents and interest.

10. While Canada's predominant traditionalism in industrial relations has imposed serious cultural lags, it has not been a purely reactionary phenomenon, but rather has a constructive side. Conservatism has rested in part on an old-fashioned sense of the primacy of the general social welfare, and of the virtue of commonwealth and co-operation. Somewhat British in nature, or at least oriented to a British conception of the responsible father-state, this ethos has stood in contrast to the unrestricted individualism and divided powers of government evident in the United States. A cohesive attitude has been fostered by a Canadian feeling of weakness and defensiveness in dealing with the outside world. Internally its tone is paternalistic and can become authoritarian. More distinctively, however, its pressure is towards voluntary adjustment and compromise on behalf of social welfare and order.

11. This orientation does not preclude but rather favors adjustment of industrial relations by collective bargaining or any other effective means. On the other hand it is critical of disruptions of the peace - strikes - which may seem to threaten the vulnerable social structure. There is in it a certain pre-industrial naivety about the pursuit of their self-interest by the industrial parties, and an impatience with it that provides, for instance, the background and weakness of Mr. Justice Ivan Rand's Report on Industrial Relations of 1968. Yet, properly harnessed and cognizant of reality, this social harmony syndrome can be put to constructive uses - as, indeed, it already has been in developing accommodative relations between Canadian governments and their employees.

12. The Canadian concern for general welfare and order is also the basis of a long-standing partiality for conciliation and arbitration, the latter as a preferred method (over strikes) of settling otherwise insoluble disputes. The authoritarian interference that has sometimes followed has produced manifest injustice in some cases, and the embarrassment of defiance in others. When genuinely accepted by the parties, however, - and the range in which it has been accepted is considerable - arbitration has been successful enough that an extension of its use appears to be a desirable thing to promote.

The Present

The recent and current changes occurring in Canada have been discussed at some length in other sections. In contrast to the inertia that has typified industrial relations practice and legislation, these changes have been wide, deep, and rapid. At bottom is a revolution of sophisticated technology that has profoundly affected economic organization and social relations and may go on doing so indefinitely. Next has been the rise of a predominantly urban, especially "big-city", society. With it has come a typically urban style of life, outlook, and set of expectations. The growth of cities has also brought a new order of urban problems, made more intractable by the fact that Canada's governmental structure and traditional ideas were developed to fit a dispersed rural society. In practice, Canada has very nearly become a league of interdependent city states - cities and their hinterlands - and it is conceivable that the national government will become a central agency of the league formally as well as informally, and that provincial governments will languish as vestigial organs.

The new technology and urbanism have also fostered a heavy emphasis on formal education and training and on professional expertness. This intertwines with an emphasis on youth, very numerous in the population, and prime recipients of the education. Hence youth, especially educated youth, has had a good deal to do with shaping the sophisticated urban culture that has been developing.

Young persons have also been the prime exponents and custodians of a new ethics. It is an ethics of impersonality and yet professional concern; permissive, yet harshly obstructive beyond some point of tolerance of control, deceit, and incompetence. The future of this ethics is uncertain, but it does fit the times and the people in catering for urban pressures - while scarcely conscious of such ancient oddities as the struggle against nature and the struggle for subsistence.

It therefore clashes the more with the ethical conceptions of those citizens, still very numerous, who have not been deeply affected by new trends. These include generally the old (as are most employers), the rurally-oriented, the poor who expect to remain poor, the uneducated who expect to remain uneducated. Often the new forces have been unfavorable to these persons, and are regarded by them with some hostility. However the strains which exist are complex rather than any simple clash of young and old or rural and urban. For instance, workers and unionists of any age are likely to share the objections of cool youth to various traditional attitudes and practices of employers. At the same time the more affluent and educated, mostly but not exclusively urban, and including both employers and educated youth, share attitudes that conflict with those of the low-income and little-educated majority.

In respect to industrial relations, the outstanding consequence of recent forces is a new style and relationship of people at work. The area of employment affected is relatively small, but has been rapidly expanding: the one occupied by the professional and technical workers who appear to be most characteristic of the future. The relationships in their employments flow both from the conditions required for accomplishment in such environments, and from the character of the people suitable for employment in them. The work requires both individual initiative, and interaction of a kind that can only take place effectively in a rather voluntary and egalitarian way between persons with a regard for each other's capacities. The people, then, must consciously possess some competence, be suitably independent, and motivated from within. The style of work is at once permissive - in detail and the short-run - and demanding - in essentials and the long-run. Control and authority in such environments, if they are not to be a negation of efficiency, must be loose, sensitive, and based on capacity. Conversely, legal authority ceases to have much relevance, in the same way that the stockholders' "ownership" has ceased to have much relevance.

It has been proposed in this study that the pattern of industrial relations just described is the one towards which both work environments and the people who will work in them are moving: the pattern, therefore, which will dominate the future. However this evolution, if valid, is quite indistinct. It is difficult to predict how far, or how fast, permissive and decentralized operations will work through the system - or, alternatively, how far and fast the character of the labour force will

exhibit the required skills and motivations. And it is probable enough that new relationships will not be achieved without vigorous resistance in some quarters and sharp battles to overcome it.

The further generalizations that can be made on the basis of current conditions are two. The first is that the trend of expectations and, on the whole, of practices, is firmly in the direction of more considerate and dignified treatment of workers. It appears to be steadily less practicable for employers to demonstrate contempt for the worth, interest, and welfare of employees. In effect, the increasing investment being made by a more educated and skilled labour force has to be matched by a greater investment on the part of employers in the care of their labour assets.

The second observation is that it will be impracticable for employers - or governments, or courts - to batter workers into subjection, even though some recent laws and proposals carry this implication. It is possible, of course, to crush any group of people if enough force and ruthlessness are used. But it seems improbable that the force necessary to beat down a substantial portion of the labour force, and the rather self-defeating process of using it, will be countenanced in Canada. Without it, the question becomes one of the character and tactics of the parties to a ritual rather than bloody industrial warfare. And, while the sophisticated labour force that is developing may remain unmoved by some ancient labour slogans, it seems likely to fight tenaciously over principles it recognizes. In its aid there is an impressive discipline, not the mass discipline instilled by earlier industrialization, but the discipline of dispersed responsibility and guerilla warfare taught by a permissive style of life and employment. Given this discipline, there is

room for more imaginative tactics than labour has usually used in the past, or than cumbrous authority is likely to match. If strikes are prohibited - and, so far, authority has hardly thought further - there are devices like working to rule and endemic lack of attention. Calculated disobedience has also enjoyed impressive development, not as a means of resisting authority, but of exposing it as monolithic injustice. It is improbable that ponderous authority can devise new tactics faster than ingenious guerillas can develop counter-measures. Nor should the advantage of the guerillas be forgotten, that the organization of production and society has become intricate and brittle, and therefore subject to easy and damaging disruption.

The Future, and the Question of Legislation

It seems likely that recent changes will continue and extend their sway in the future. Canada, then, will become still more urban, with a population of greater education and urban sophistication. Meanwhile, the numbers and influence of presently older and rurally-oriented people will contract. The organization of workplaces will become more decentralized and permissive, and those who work in them will expect as much and be suited to it. They will also expect a dependable affluence, and recognition of their worth and dignity as persons. There will, therefore, be contracting room for a traditional style of authority, and still less for practices built around the conception of a worker as an unimportant and readily-replacable being whose welfare and feelings are of no particular concern to management. And, while the future of unionism may be debatable, it is safe to say that future workers will support whatever institutions are necessary to give weight to their desires.

How far, then, should legislation be designed to support industrial relations practices that will be in harmony with this future? Given the jerky way in which Canadians have evolved their labour legislation, and the strong tendency for each step of development to hang on interminably until there is another crisis, it would seem desirable that legislative changes should be far-reaching. But there are other important considerations that would suggest less ambitious goals: the vagueness of the future and the vitality of the past.

While a general direction of the future seems to be in evidence, it provides only the imprecise guidance that the worth and interest of workers should be taken into greater account. Even if the needs were clearer it would still be difficult to suggest a legislative prescription, since what will be appropriate will depend on what accommodations are reached by voluntary agreement of employers and workers, and on the energy with which government fosters such things as high employment and rationalization of the economy.

Also to be taken into account is the weight of the past. Periods of militancy are apt to produce optical illusions, by which the stamina and sometimes the virtues of tradition are underestimated. It is true that the conservatism of employers can be overcome by law, and usually only in this way, in the sense that employers will conform to the letter of new legislative requirements. And it will certainly be necessary to use this compulsion in approaching a more workable system. But its limitations must also be regarded. Surrounding employer reluctance are much broader obstructions to sweeping modernization, including a substantial population that still dwells ideologically in the past, enervating

political divisions, and a lack of coherent economic policy, or even of awareness that it is needed. Even if the magic solvent of permanent high employment should appear, a number of important obstacles will disappear only with the passage of considerable time. It would be doubtful policy in the meantime to attempt changes so extensive that a fierce reaction might be provoked.

A further and, perhaps, central consideration is that it has not very much been problems of the future, but rather overdue corrections of the past, that have stimulated recent impasses and labour militancy. What these have put in sharp focus is, not the future, but the extent to which old laws and practices have become obsolete. The adjustments most urgently needed are not those for tomorrow, but ones that might reasonably have been made (yet were not made) some decades ago. Because they were not made, the unsuitability of some practices in terms of the kind of labour force that is developing and of new social criteria had become very marked by the mid-1960's. Because these are the changes that would meet the most urgent complaints, because these changes have the best chance of escaping extreme opposition by Canada's conservative forces, and because they add up in any case to a substantial package, it is these overdue adjustments that appear in the recommendations below.

Some Legislative Suggestions

Let it be repeated that the suggestions that follow have only the connection of a foundation with the future, and represent rather a tidying-up of the past. They are conceived, however, to fit appropriately against the background of Canadian conditions and industrial relations.

1. Boards - Labour Relations boards and bi-partisan boards in general have worked well in Canada. Labour Relations boards should continue to have much the same powers and duties as at present. And they should be made up of employer and labour representatives as at present, rather than being superseded or second-guessed by other bodies constituted in a different way. Among the important advantages of bi-partisan boards is the fact that they encourage employers and unions to coalesce into bodies speaking with a single voice.

2. Certification of bargaining agents - The principle of certification should be the simple one of facilitating honest expression of workers' opinions. There is no logical reason why any group of employees, including foremen, supervisors, or so-called managerial employees, should have their rights to certification restricted except in respect to the suitability of their bargaining unit. For practical reasons, the certification of a single bargaining unit in each approved jurisdiction should be retained. Certification should depend on a simple majority of those voting. The interval between a reasonable application and a vote should be the shortest interval possible. Attempts to delay and obstruct certification should be dealt with harshly, and prosecution and penalties for this offense might well be introduced.

A collective agreement entered into between an employer and a union without reference to the workers affected by it should have no standing whatever if made in another country. If entered into in Canada, such an agreement should be subject to ratification by the workers affected both of the bargaining agent and of the contract before either has any standing. Failure to report such agreements immediately to the Labour Relations board should be an offense.

3. A Labour Court - Unfair labour practices should be treated as public offenses and prosecuted by the state. The most suitable vehicle for this purpose would be a labour court with its own judge(s) and prosecutor(s), from which there should be no appeal to other courts. This court, however, might accept a number of other kinds of adjudication by reference from the Labour Relations board.

A particular duty of the labour court should be to prosecute failures to bargain in good faith, and it might well develop a code to define the more flagrant of these failures. Its targets should include unreasonable demands, such as the posting of a bond against losses which might be incurred by an employer in the event of a strike, or a requirement that pension questions be referred for binding decision to a union agency.

A union officer desiring to visit the "private property" of a company town or campsite might be required to obtain an introduction from the Labour Board and file notice of his visit. Any subsequent interference with his proper movement should be made an unfair labour practice and prosecuted as such.

4. Unions as Legal Entities - The disposition to treat unions as entities at law is potentially - if not actually - very dangerous, particularly because it seeks to force unions to behave like business corporations and to expose union members to damage for behaving in a responsible manner from a union viewpoint. If corporate liability cannot be avoided altogether, the law should at least restrict it firmly to actions specifically authorized by senior officers of the union.

5. Labour Injunctions and Picketing - Labour relations would be more equitable if all labour injunctions (not just ex parte ones) were prohibited. An alternative would be a requirement that whenever an injunction is issued which restricts the normally-legal activity of a union, it shall be mandatory for the court also to prohibit the employer from attempting to carry on a struck operation or to hire replacements for striking employees during the life of the injunction.

In respect to picketing, it is difficult to find a good reason why any person should be restricted at any time from picketing in any public place about any issue, provided that he does not circulate false information or obstruct movement unduly. Indeed, the right of free speech is so closely involved that a very heavy onus to show cause should rest on anyone proposing to restrict picketing.

It is possible to think of cases in which irresponsible picketing might unfairly harm its target but, in so far as these are not imaginary cases, they could usually be dealt with appropriately by laying ordinary charges against the picketers. The real crux of the injunction and picketing questions lies elsewhere. The propensity to restrict rests on a common law refusal to accept collective bargaining and the propriety of any pressure on an employer except by individual refusal of employment: hence, on a restriction of union rights to whatever extent is necessary to allow employers to carry on their operations as if collective bargaining did not exist. In the writer's opinion, that approach is completely out of keeping with current conditions and the temper of much of the labour force, and can only become even more so if retained longer.

6. Arbitration - It has just been emphasized that refusal to acknowledge the principle and logic of collective bargaining has become unbearably out-of-keeping with current working conditions and the outlook of many workers. At the same time, Canada still has a substantial population whose position and attitudes lead them to think of industrial relations in relatively primitive terms of individual employment contracts. In fact, the gap between these sets of attitudes is Canada's most difficult industrial relations problem.

However, the traditional approach on this subject is not a rejection of the right of a workingman to obtain "reasonable" conditions, or even a rejection of collective bargaining. It is rather - for various reasons not necessarily consistent with each other, but heavily Canadian in their defensiveness and concern for order - a decided hostility to work stoppages as a means of settling disputes. On the other hand, this viewpoint has not usually involved the ruthless desire to exploit the defenceless that has been common in the United States, but rather a conception of equity within the common welfare. It therefore leaves room for manoeuvre, and particularly for arbitration - which, indeed, has been its favorite device.

And, in fact, there are many problems that could be got round, including those of picketing and injunctions and the operation of struck firms, by a wider use of arbitration as the final means of settling disputes over labour contracts.

There are various reasonable objections to arbitration, and especially to compulsory arbitration. The most conclusive is that it

cannot really be imposed on any large group of workers that is determined not to accept it. There should be great hesitancy to require arbitration, therefore, of workers who are very strongly opposed to it (the employer's preference is less crucial).

On the other hand, compulsory arbitration has enjoyed considerable acceptance in Canada and, as one aspect of the Canadian preference for avoiding work stoppages, there appear to be considerably larger groups that would accept it with a little encouragement. In the writer's view a widening use of arbitration, always providing its use is more encouraged than imposed, would be desirable, especially because it is in accord with a common Canadian outlook.

The use of arbitration could be extended as follows:

(1) Arbitration can be required in some "public interest" disputes, not really because they necessarily affect the public interest more than other disputes, but because the parties in these employments consider that the public interest is strongly involved and are especially amenable to the use of arbitration.

(2) Compulsory arbitration could be required, at the request of either party (alone), as the final means of settlement on a first contract (where no collective agreement has existed during the preceding five years). A contract so arrived at should be for one year. Such a requirement is desirable because of the incomprehensions and abuses that often accompany first negotiations. It might also encourage the parties to perpetuate the use of arbitration as the final means of resolving differences over contracts.

The acceptability of arbitration obviously depends in part on the capacity of the arbitrators and, following this, on the extent to which the parties and mediators and conciliators can recommend it. This leads to the question whether one or more professional arbitrators (of contract disputes) should be retained by the Department of Labour. Such appointments can be recommended, provided that only persons of obvious skill and experience are appointed, and that no appointment is preferred to a questionable one.

7. Protection of Workers' Rights - The protection of workers' rights, individual and collective, is not a new question. The protection of a collective right of workers to select their bargaining representative, through the agency of Labour Relations boards, is an obvious example. An issue of individual right was the old one of the "yellow-dog" contract, an unreasonable restriction of individual rights which was overcome by withdrawing legal force from the contract. In the United States there has been a great deal of attention to the protection of the individual union member against his union bureaucracy, and there may be a need for such protection in Canada, though the writer is not aware of much evidence of internal union impropriety.

While this issue has rarely arisen, questions of "right" have been fairly prominent in recent labour militancy and in the general evolution of Canadian society. However, there are only three questions of right that appear to the writer to be urgent ones at the moment in industrial relations. They are:

1) The right (and duty in labour ideology) of a worker not to cross a picket line. What is purported to be the rule favored by the

Task Force - that employees may refuse to cross a picket line if their employer has allied himself with a struck firm - seems a reasonable way of dealing with the sorest issues.

2) Substantial technological changes should be negotiable at any time, and any contrary provision of a collective agreement should be without force.

3) Every worker should have the right to full disclosure of the financial status of any pension, insurance, or welfare plan that affects him - in addition to information concerning his personal entitlement. The requirement should include access to a complete statement, provided at least once a year, of the contributions made by and rebates received by every party. There should be an appropriate officer of government to whom complaints can be made respecting inadequate information, and legal authority for him to obtain and require dissemination of such information as he considers proper.

